Santander UK Group Holdings plc and Santander UK plc

December 2022 Additional Capital and Risk Management Disclosures

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Introduction

Santander UK Group Holdings plc's Additional Capital and Risk Management Disclosures for the year ended 31 December 2022 should be read in conjunction with our 2022 Annual Report.

As a wholly-owned large subsidiary of Banco Santander, S.A., under the retained EU law version of Capital Requirements Regulation (UK CRR) Santander UK Group Holdings plc (the Company) is required to produce and publish annually a specified number of Pillar 3 disclosures. In accordance with the European Banking Authority (EBA) guidelines on disclosure frequency[1], the Company has assessed the need to publish capital-related disclosures more frequently than annually and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures within Part 1 of this document on pages 3 to 53 cover the consolidated Santander UK Group Holdings plc group position.

The Company is the immediate parent company of Santander UK plc, a Ring Fenced Bank (RFB), and associated controlled entities and is the head of the Santander UK group for regulatory capital and leverage purposes. Part 2 of this document on pages 54-90 includes a specified number of Pillar 3 disclosures in accordance with the EBA guidelines on disclosure frequency for the Santander UK plc group, which are similar to those for the Company.

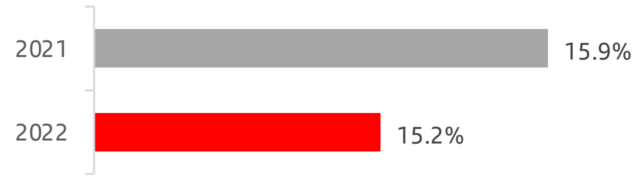
Retained EU Law disclosures

This document contains disclosures required under UK CRR for the Company as a large subsidiary of an EU parent undertaking, some of which are not disclosed in the 2022 Annual Report. All disclosures cover the 31 December 2022 position or movement during 2022.

[1] EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency are under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013.

Executive summary

COMMON EQUITY TIER 1 (CET1) RATIO



The CET1 capital ratio decreased 70bps to 15.2%. This was largely due to regulatory changes that took effect on 1 January 2022 and a special dividend paid in December 2022. The regulatory changes included the reintroduction of the full CET1 software asset deduction, and implementation of new definition of default regulatory guidance. The impact of increased RWAs and the special dividend were partially offset by post dividend retained earnings. We remain strongly capitalised with significant headroom to minimum requirements and MDA. In total during 2022 we paid £1.0bn interim dividends, £300m of which was a special dividend (2021: £1.3bn). These were paid following review and approval by the Santander UK Board in line with our dividend policy

TOTAL CAPITAL RATIO

Total capital ratio decreased by 120bps to 20.4%, due to lower CET1 capital ratio as outlined above as well as the reduction in AT1 and Tier 2 capital securities recognised following the end of the CRR Grandfathering period on 1 January 2022.

UK LEVERAGE RATIO

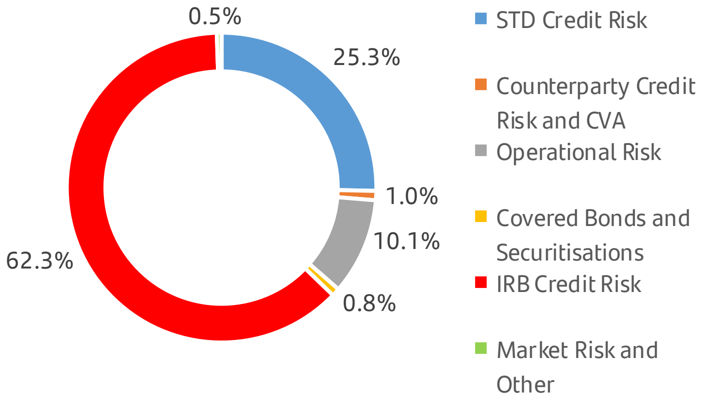
The UK leverage ratio remained stable at 5.2%, as retained profit was partially offset by the change in treatment of software assets on 1 January 2022. UK leverage exposure remained broadly stable at £248.6bn (2021: £246.3bn).

RISK-WEIGHTED ASSETS (RWAs) £bn

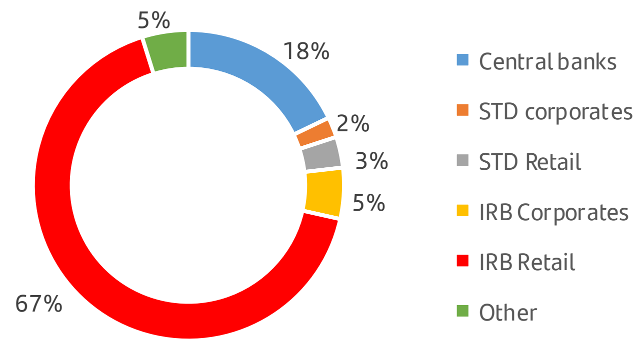
RWAs increased from £68.1bn to £72.1bn, this was principally driven by the business growth in retail and corporate portfolios.

SPLIT OF RISK-WEIGHTED ASSETS AND EXPOSURE CLASS

Split of RWA by risk type



Split of Exposure at default by exposure class



Key metrics (KM1)

The following table summarises the Company's Own Funds and key risk-based capital ratios at 31 December 2022 together with the previously disclosed quarter end information at 30 September 2022, 30 June 2022, 31 March 2022 and 31 December 2021. Further details on Risk Weighted Assets are included in the subsequent sections of this document.

		31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m	31 December 2021 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	10,843	11,039	10,927	10,731	10,848
2	Tier 1 capital	13,039	13,235	13,123	12,922	13,154
3	Total capital	14,500	14,753	14,615	14,408	14,727
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	71,166	71,433	70,367	69,350	68,144
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.24%	15.45%	15.53%	15.47%	15.90%
6	Tier 1 ratio (%)	18.32%	18.53%	18.65%	18.63%	19.30%
7	Total capital ratio (%)	20.37%	20.65%	20.77%	20.78%	21.60%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	3.22%	2.94%	2.95%	2.97%	2.98%
UK 7b	Additional AT1 SREP requirements (%)	1.07%	0.98%	0.98%	0.99%	0.99%
UK 7c	Additional T2 SREP requirements (%)	1.43%	1.31%	1.31%	1.32%	1.33%
UK 7d	Total SREP own funds requirements (%)	5.72%	5.22%	5.25%	5.27%	5.30%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.00%	-	-	-	-
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	3.50%	2.50%	2.50%	2.50%	2.50%
UK 11a	Overall capital requirements (%)	17.22%	15.72%	15.75%	15.77%	15.80%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.16%	4.93%	5.02%	5.00%	5.80%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	248.6	248.4	248.6	248.1	246.3
14	Leverage ratio excluding claims on central banks (%)	5.2%	5.3%	5.2%	5.1%	5.2%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2%	5.3%	5.2%	5.1%	5.3%
14b	Leverage ratio including claims on central banks (%)	4.4%	4.4%	4.4%	4.3%	4.3%
14c	Average leverage ratio excluding claims on central banks (%)	5.2%	5.2%	5.2%	5.1%	5.5%
14d	Average leverage ratio including claims on central banks (%)	4.4%	4.3%	4.3%	4.3%	4.5%
14e	Countercyclical leverage ratio buffer (%)	0.3%	0.0%	0.0%	0.0%	0.0%
	Average Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)[1]	48,895	51,345	49,177	50,485	51,266
UK 16a	Cash outflows – Total weighted value[1]	**31,950**	**32,511**	**30,608**	**32,049**	**32,204**
UK 16b	Cash inflows – Total weighted value[1]	1,913	1,908	1,983	3,662	1,313
16	Total net cash outflows (adjusted value)[1]	30,037	30,603	28,625	28,387	30,891
17	Liquidity coverage ratio (%)[1]	162.78%	167.76%	171.79%	177.85%	166.00%
	Net Stable Funding Ratio					
18	Total available stable funding[1]	238,471	239,127	239,747	237,117	232,056
19	Total required stable funding[1]	174,283	180,849	180,220	175,536	172,308
20	NSFR ratio (%)[1]	136.83%	132.22%	133.03%	135.08%	134.68%

Key Movements

The CET1 capital ratio decreased 70bps to 15.2% in the year. This was largely due to regulatory changes that took effect on 1 January 2022 and £ 1bn of dividend paid, £300m of which was a special dividend (2021: £1.3bn). These were paid following review and approval by the Santander UK Board in line with our dividend policy. The regulatory changes included the reintroduction of the full CET1 software asset deduction, and implementation of new definition of default regulatory guidance. The impact of increased RWAs and the special dividend were partially offset by post dividend retained earnings. We remain strongly capitalised with significant headroom to minimum requirements.

1] Liquidity metrics is now reported for Santander UK, our Holding Company, from 1 January 2022 following adoption of CRR2 regulation. Metrics presented prior to 2022 is the DoLSub Group.

Key metrics – Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements (MREL)

The following table summarises key metrics about Own Funds and Eligible Liabilities available, and MREL requirements applied, for the Santander UK Group Holdings plc group:

		31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m	31 December 2021 £m
1	Total Own Funds and Eligible Liabilities available	26,136	25,703	25,106	24,690	24,319
1a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities available	26,116	25,653	25,047	24,669	24,298
2	Total RWA at the level of the resolution group	71,166	71,433	70,367	69,350	68,144
3	Total Own Funds and Eligible Liabilities as a percentage of RWA	36.72%	36.00%	35.70%	35.60%	35.70%
3a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model RWA	36.73%	36.00%	35.60%	35.60%	35.70%
4	UK Leverage exposure measure at the level of the resolution group[1]	248,602	248,430	248,565	248,140	300,399
5	Total Own Funds and Eligible Liabilities as a percentage of UK leverage exposure measure [2]	10.50%	10.30%	10.10%	10.00%	8.10%
5a	Fully loaded ECL accounting model Own Funds and Eligible Liabilities as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure [2]	10.50%	10.30%	10.10%	9.90%	8.10%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	n/a	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as Own Funds and Eligible Liabilities, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as Own Funds and Eligible Liabilities if no cap was applied (%)	n/a	n/a	n/a	n/a	n/a

[1] The UK leverage exposure as disclosed at 31 December 2022 excludes claims on central banks. Periods prior to the 1 Jan 2022 are based on CRR Leverage exposure including claims on central banks, reflecting the rules in force at that time.

[2} The MREL requirement for Santander UK Group Holdings plc, excluding capital buffers, is 26.5% of RWAs (2*[P1+P2A]).

TLAC1: Total Loss Absorbing Capacity composition for G-SIBs (at resolution group level)

TLAC position of the Santander UK Group Holdings plc consolidated group (the resolution group):

		31 December 2022 £bn	30 June 2022 £bn	31 December 2021 £bn
Regulatory capital elements of TLAC and adjustments				
1	Common Equity Tier 1 capital (CET1)	10.8	10.9	10.8
2	Additional Tier 1 capital (AT1) before TLAC adjustments	2.2	2.2	2.3
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	-	-	-
4	Other adjustments	-	-	-
5	AT1 instruments eligible under the TLAC framework	2.2	2.2	2.3
6	Tier 2 capital (T2) before TLAC adjustments	1.5	1.5	1.6
7	Amortised portion of T2 instruments where remaining maturity > 1 year	0.3	0.2	0.1
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	0.7	0.8	-
9	Other adjustments	-	-	-
10	T2 instruments eligible under the TLAC framework	0.9	0.9	1.7
11	TLAC arising from regulatory capital	14..0	14.1	14.8
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	12.2	11.0	9.5
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements.	-	-	-
14	Of which: amount eligible as TLAC after application of the caps	-	-	-
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	-	-	-
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	-	-	-
17	TLAC arising from non-regulatory capital instruments before adjustments	12.2	11.0	9.5
Non-regulatory capital elements of TLAC: adjustments				
18	TLAC before deductions	26.1	25.1	24.3
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	-	-	-
20	Deduction of investments in own other TLAC liabilities	-	-	-
21	Other adjustments to TLAC	-	-	-
22	TLAC after deductions	26.1	25.1	24.3
Risk-weighted assets and leverage exposure measure for TLAC purposes				
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	71.2	70.4	68.1
24	Leverage exposure measure	248.6[1]	248.6[1]	300.4
TLAC ratios and buffers				
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	36.7%	35.7%	35.7%
26	TLAC (as a percentage of leverage exposure)	10.5%	10.1%	8.1%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum requirements	9.3%	9.2%	9.2%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.50%	2.50%	2.50%
29	Of which: capital conservation buffer requirement	2.50%	2.50%	2.50%
30	Of which: bank specific countercyclical buffer requirement	1.00%	-	-
31	Of which: D-SIB / G-SIB buffer	-	-	-

[1] From the 1st of January 2022, the Leverage Exposure excludes claims on central banks (previously the CRR Leverage Exposure was applied for TLAC and MREL purposes which included claims on central banks).

TLAC2 – Material subgroup entity – creditor ranking at legal entity level

Creditor Hierarchy of Material subsidiaries, Santander UK plc:

£bn		Creditor ranking						
		1 (most junior)	2	3	4	5	6	Sum of 1 to 6
1	Is the resolution entity the creditor/investor?	Yes	Yes	No	Yes	No	Yes	-
2	Description of creditor ranking	Share Capital	Additional Tier 1 Instruments	Additional Tier 1 Instruments	Subordinated Debt	Subordinated Debt	Bail-in Debt	-
3	Total capital and liabilities net of credit risk mitigation	3.1	2.0	0.3	0.9	1.0	13.4	20.7
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities	3.1	2.0	0.3	0.9	1.0	13.4	20.7
6	Subset of row 5 that are eligible as TLAC	3.1	2.0	-	0.9	-	11.6	17.6
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-	1.5	1.5
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	0.6	-	6.1	6.7
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	-	-	4.0	4.0
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	0.3	-	-	0.3
11	Subset of row 6 that is perpetual securities	3.1	2.0	-	-	-	-	5.1

TLAC3 – Resolution entity – creditor ranking at legal entity level

Creditor Hierarchy of the Company:

£bn		Creditor ranking				
		1 (most junior)	2	3	4 (most senior)	Sum of 1 to 4
1	Description of creditor ranking	Share Capital Book value	Additional Tier 1 Instruments Stated value	Subordinated Debt Par value	Bail-in Debt Par value	Total
2	Total capital and liabilities net of credit risk mitigation	7.1	2.2	0.9	13.5	23.7
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	7.1	2.2	0.9	13.5	23.7
5	Subset of row 4 that are potentially eligible as TLAC	7.1	2.2	0.9	12.1	22.3
6	Subset of row 5 with 1 year ≤ residual maturity <2 years	-	-	-	1.5	1.5
7	Subset of row 5 with 2 years ≤ residual maturity <5 years	-	-	0.6	6.6	7.2
8	Subset of row 5 with 5 years ≤ residual maturity <10 years	-	-	-	4.0	4.0
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	0.3	-	0.3
10	Subset of row 5 that is perpetual securities	7.1	2.2	-	-	9.3

IFRS 9 Transitional Arrangements (IFRS9-FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 December 2022 over the full allowable period:

		2022	2023	2024
	IFRS9 Transitional Factor	25%		
	IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	75%	50%	25%
	Available Capital (amounts)			
1	Common Equity Tier 1 (CET1) capital	10,843	10,833	10,828
	CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	10,839	10,833	10,828
	CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	10,827	10,823	10,828
2	CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	10,823	10,823	10,823
3	Tier 1 Capital	13,039	13,029	13,024
4	Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	13,019	13,019	13,019
5	Total Capital	14,500	14,490	14,485
6	Total Capital as if ALL IFRS 9 transitional arrangements were not applied	14,480	14,480	14,480
	Risk-weighted assets (amounts)			
7	Total risk-weighted assets (RWA)	71,166	71,142	71,121
	Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	71,194	71,142	71,121
	Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	71,071	71,099	71,099
8	Total RWA as if ALL IFRS 9 transitional arrangements were not applied	71,099	71,099	71,099
	Capital Ratios			
9	Common Equity Tier 1 ratio	15.24%	15.23%	15.22%
10	Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	15.22%	15.22%	15.22%
11	Tier 1 ratio	18.32%	18.31%	18.31%
12	Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	18.31%	18.31%	18.31%
13	Total capital ratio	20.37%	20.37%	20.37%
14	Total Capital as if ALL IFRS 9 transitional arrangements were not applied	20.37%	20.37%	20.37%
	UK leverage ratio including claims on central banks			
15	Leverage Ratio Total Exposure Measure	297,800	297,800	297,800
16	Leverage Ratio	4.4%	4.4%	4.4%
17	Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.4%	4.4%	4.4%

The Company is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the Company is entitled to miti gate the effect to capital of Expected Credit Loss-based provisioning following the implementation of IFRS 9. The extended transitional arrangements last for a five-year period ending on 31st December 2024 with the amount of capital relief available reduced each year by the transitional factor, with an extended transitional period used for capital relief against provision movements from 1 January 2020. The transitional factor is 25 percent in 2022, and for post 1 January 2020 provision movements are 75 percent in 2022, 50 percent in 2023 and 25 percent in 2024.

The capital relief affects both the capital base and RWAs reported by the Company. The adjustment to CET1 capital is comprised of a static element and a dynamic element. The static element is based on the CET1 capital impact of the change in provision levels upon implementation of IFRS 9 (on 1st January 2018). The capital adjustments from this static element will only change over the five-year transition period due to the phased reduction of the transitional factor. The dynamic element is based on the capital impact of the change in provision levels for non-credit impaired exposures from the first day of the implementation of IFRS 9. The dynamic element will change over the transition period and is also subject to progressive reduction over the five-year transitional period and the extended period for provision movements post 1 January 2020 due to the transitional factor. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk, deferred tax assets created upon adoption of IFRS 9 ECL-based provisioning and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Ratings-Based approach.

UK LRA: Disclosure of LR qualitative information

Description of the processes used to manage the risk of excessive leverage The leverage ratio for the UK consolidated group is monitored and reported to Capital Committee and other governance bodies, and is included in the group's Risk Appetite framework. The current level of the leverage ratio and also forecast levels of the leverage ratio under a range of macroeconomic scenario, including stress scenarios, are considered. Under the Risk Appetite framework, limits and alert levels for the leverage ratio have been set to ensure that leverage is maintained at acceptable levels and in excess of minimum regulatory requirements.
Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers The Leverage ratio for the UK consolidated group has decreased from Sep22 5.3% to Dec22 5.2%, as a result of Tier 1 Capital movements in Capital of -£196m of Dividends paid £616m offset by verified profits £459m.

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		31 December 2022 £m
1	Total assets as per published financial statements	292,243
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	1,294
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for exemption of exposures to central banks)	(49,199)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(1,305)
9	Adjustment for securities financing transactions (SFTs)	371
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,971
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	-
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	(1,773)
13	**Total exposure measure**	248,602

UK LR2 - LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		31 December 2022 £m	30 June 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	235,475	233,734
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(4,225)	(3,142)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(2,696)	(3,426)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**228,553**	**227,166**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	4,485	3,564
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	875	954
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**5,359**	**4,518**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	8,826	9,489
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,478)	(696)
16	Counterparty credit risk exposure for SFT assets	371	336
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	-
18	**Total securities financing transaction exposures**	**7,719**	**9,129**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	31,857	37,701
20	(Adjustments for conversion to credit equivalent amounts)	(24,886)	(29,949)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**6,971**	**7,752**
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital (leverage)**	12,863	12,951
24	Total exposure measure including claims on central banks	297,800	296,783
UK-24a	(-) Claims on central banks excluded	(49,199)	(48,218)
UK-24b	**Total exposure measure excluding claims on central banks**	**248,602**	**248,565**
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.2%	5.2%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2%	5.2%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	5.2%	5.2%
UK-25c	Leverage ratio including claims on central banks (%)	4.4%	4.4%
26	Regulatory minimum leverage ratio requirement (%)	3.3%	3.3%
Additional leverage ratio disclosure requirements - leverage ratio buffers			

		31 December 2022 £m	30 June 2022 £m
27	Leverage ratio buffer (%)	0.65%	0.35%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.35%	0.35%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.30%	0.00%
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	8,178	9,736
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	7,943	9,668
UK-31	Average total exposure measure including claims on central banks	302,068	298,954
UK-32	Average total exposure measure excluding claims on central banks	249,529	249,596
UK-33	Average leverage ratio including claims on central banks	4.3%	4.3%
UK-34	Average leverage ratio excluding claims on central banks	5.2%	5.2%

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures 31 December 2022 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	235,475
UK-2	Trading book exposures	-
UK-3	Banking book exposures, of which:	235,475
UK-4	Covered bonds	1,437
UK-5	Exposures treated as sovereigns	3,682
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,052
UK-7	Institutions	528
UK-8	Secured by mortgages of immovable properties	186,064
UK-9	Retail exposures	10,089
UK-10	Corporates	20,067
UK-11	Exposures in default	3,142
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	9,414

LIQUIDITY COVERAGE RATIO

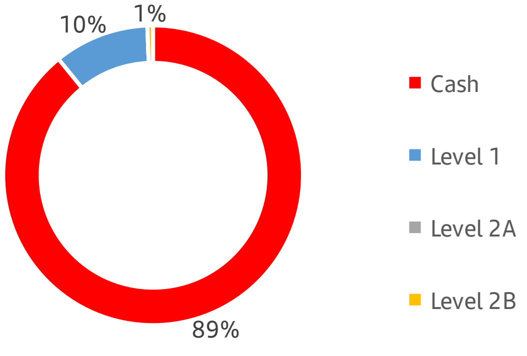
The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The HQLA was also broadly static as a result of deposit growth offseting TFSME repayments. The LCR maintains a significant surplus to both internal and regulatory requirements.

NET STABLE FUNDING RATIO (NSFR)

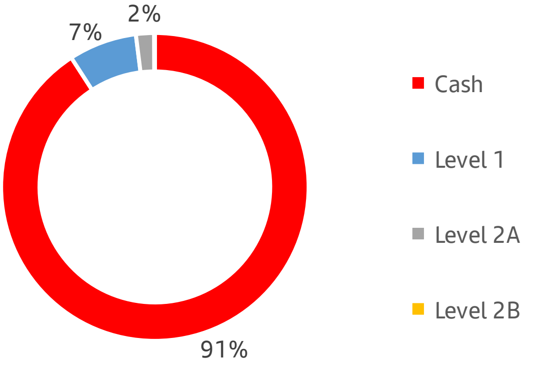
The composition of the balance sheet has remained consistent year on year resulting the NSFR ratio remaining broadly in line with 2021.

SPLIT OF LIQUIDITY ASSET BUFFER (LAB)

2021



2022



The liquidity buffer is largely compromised (>95%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.

Table UK LIQA - Liquidity risk management

in accordance with Article 451a(4) CRR

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding, As a financial services provider, managing risk is a core part of our day-to-day activities. To be able to manage our business effectively, it is critical that we understand and control risk in everything we do. We aim to use a prudent approach and advanced risk management techniques to help us deliver robust financial performance, withstand stresses, such as the impacts of the pandemic, and build sustainable value for our stakeholders. We aim to keep a predictable medium-low risk profile, consistent with our business model. Through our LRA framework, we manage our funding or structural contingent and market liquidity risks wherever they arise. This can be in retail and corporate deposit outflows, wholesale secured and unsecured liquidity outflows and off-balance sheet activities. Other risks our framework covers include funding concentrations, intra-day cash flows, intra-group commitments and support, franchise retention and cross currency risk. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet qualitative and quantitative regulatory requirements. . In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe.
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements). We are committed to the highest standards of corporate governance in every part of our business, including risk management. For details of our governance, including the Board and its Committees, see the 'Governance' section of the Annual Report. The Board delegates certain responsibilities to Board Level Committees as needed and where appropriate. Our risk governance structure strengthens our ability to identify, assess, manage and report risks, as follows: – Committees: A number of Board and Executive committees are responsible for specific parts of our Risk Framework – Key senior management roles: A number of senior roles have specific responsibilities for risk management – Risk organisational structure: We have the 'three lines of defence' model built into the way we run our business When our Board sets our strategic objectives, it is important that we are clear about the risks we are prepared to take to achieve them. We express this through our Risk Appetite Statement, which defines the amount and kind of risk we are willing to take. Our Risk Appetite and strategy are closely linked, and our strategy must be achievable within the limits set out in our Risk Appetite.
A description of the degree of centralisation of liquidity management and interaction between the group's units We manage liquidity risk on a consolidated basis in our CFO division, which is our centralised function for managing funding, liquidity and capital. We created our governance, oversight and control frameworks, and our LRA, on the same consolidated basis. We monitor and manage liquidity risk for the Santander UK plc group and SFS separately. Under this model, and the PRA's liquidity rules, Santander UK plc and its subsidiary Cater Allen Limited form the RFB Domestic Liquidity Sub-group (the RFB DoLSub), which allows the entities to collectively meet regulatory requirements for the purpose of managing liquidity risk. Each member of the RFB DoLSub will support the other by transferring surplus liquidity in times of stress. We continue to transfer liquidity risks from the securities Santander UK Group Holdings plc issues, or the contracts it executes , into our subsidiaries largely through back-to-back transactions. We fund any mismatches, if needed, by ordinary share dividends from subsidiarie
Scope and nature of liquidity risk reporting and measurement systems. We use a number of metrics to manage liquidity risk. These include metrics that show the difference between cash and collateral inflows and outflows in different periods. They also include structural metrics, such as our level of encumbered assets. We monitor liquidity risk daily, weekly and monthly. We do this through different committees and levels of management, including ALCO and the Board Risk Committee
Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants. The Board aims to make our balance sheet resilient at all times and for it to be perceived as such by stakeholders. This preserves our short and long-term viability. The Board recognises that as we are involved in maturity transformation, we cannot hold enough liquidity to cover all possible stress scenarios. The Board requires us to hold enough liquidity to make sure we will survive three plausible but severe stress scenarios (our LRA stress). We do this by maintaining a prudent balance sheet structure and approved liquid resources
An outline of the bank`s contingency funding plans.

The Liquidity Contingency Plan (LCP) is encompassed within the Recovery Plan, this includes early warning indicators which are used to identify an emerging liquidity or funding stress as well as a range of actions that could be taken immediately in response to the stress. We review and refresh our recovery plan each year. It sets out the risks, the indicators we use to monitor these risks, and the actions that are available to mitigate a capital, liquidity or combined stress event. We are confident that we have sufficient credible and executable options to respond to a wide variety of stresses, be they market-wide or idiosyncratic, in a timely and effective manner. Recovery indicators are both qualitative and quantitative and are embedded into risk frameworks. We monitor recovery capacity, headroom to recovery triggers and recovery indicators regularly. If necessary, we would invoke recovery early to mitigate the effects of a stress and restore our financial position and balance sheet strength.
An explanation of how stress testing is used. Stress testing helps us understand how different events and economic conditions could affect our business plan, earnings and risk profile. This helps us plan and manage our business To see how we might cope with difficult conditions, we regularly develop challenging scenarios that we might face. We consult a broad range of internal stakeholders, including Board members, when we design and choose our most important scenarios. The scenarios cover a wide range of outcomes, risk factors, time horizons and market conditions. They are designed to test: – The impact of shocks affecting the economy as a whole or the markets we operate in – Key potential vulnerabilities of our business model, and the processes and systems which support it – Potential impacts on specific risk types. We have a liquidity stress testing framework in place which is central to our LRA measurement and monitoring. It includes three severe but plausible stress test scenarios. To fit with our risk appetite, the liquidity outflows that come from these stress tests must be fully covered with high-quality liquid assets, other liquid assets and management actions sanctioned at the right level of governance. A funding plan disruption stress scenario also forms part of our LRA monitoring. Our Risk division runs a range of stress tests. Our LRA stress test is a combination of three tests that cover idiosyncratic, market-wide and combined scenarios. Our other tests consider scenarios such as a global economic slowdown that results in reduced confidence in the banking industry, a slowdown in one of the major economies or a deterioration in the availability of liquidity. These are considered on both an acute and protracted basis. We also run severe combined stress tests which look at both a deep and prolonged UK recession that results in a reduction in wholesale funding availability and a simultaneous idiosyncratic shock that would lead to retail and commercial outflows. We run a pandemic stress, in which no UK government support is assumed and like the combined stress includes a reduction in wholesale funding and retail and corporate outflows. We also conduct sensitivity analysis and reverse stress testing for instant liquidity shocks by each key liquidity risk. We do this to understand the impacts they would have on our LRA and our regulatory liquidity metrics.
A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe. Our LRA is proposed to the Risk division and the Board, which is then approved under advice from the Board Risk Committee. Our LRA, in the context of our overall Risk Appetite, is reviewed and approved by the Board each year, or more often if needed.
A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the UK LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. Our short-term activities focus on intra-day collateral; management and maintaining liquid assets to cover unexpected demands on cash in a stress scenario, such as large and unexpected deposit withdrawals by customers and loss of wholesale funding. Our strategic activities focus on ensuring we are not over reliant on any one source for funding and that we avoid excessive concentrations in the maturity of our funding. We regularly test the liquidity of our eligible liquidity pool, in line with PRA and Basel rules. We do this by realising some of the assets through repurchase or outright sale to the market. We make sure that over any 12-month period we realise a significant part of our eligible liquidity pool. As well as our eligible liquidity pool, we always hold a portfolio of unencumbered liquid assets. Our LRA and PRA requirements determine the size and composition of this portfolio. These assets give us a source of contingent liquidity, as we can realise some of them in a time of stress to create liquidity through repurchase or outright sale to the market.

Liquidity Coverage Ratio (LIQ1)

This table shows HoldCo Group's 12-month average LCR. As HoldCo Company's 12-month average LCR was not available prior to December 2022, September 2022's numbers are based off of a 9 month average and the RFB group 12-month average LCR has been applied for June and March 2022. The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table:

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m
UK-1b	Number of data points used in the calculation of averages	12	9	12	12	12	9	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					50,846	50,143	48,955	48,706
	CASH-OUTFLOWS								
2	**Retail deposits and deposits from small business customers, of which:**	**150,733**	**150,036**	**149,153**	**149,460**	**9,408**	**9,335**	**9,062**	**9,034**
3	Stable deposits	124,267	124,221	125,775	126,630	6,213	6,211	6,289	6,331
4	Less stable deposits	26,466	25,815	23,378	22,830	3,195	3,124	2,773	2,703
5	**Unsecured wholesale funding**	**26,484**	**26,349**	**26,339**	**27,167**	**13,734**	**13,538**	**13,816**	**14,561**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,151	2,079	1,566	1,015	409	392	297	192
7	Non-operational deposits (all counterparties)	22,862	22,747	23,097	24,268	11,854	11,623	11,843	12,485
8	Unsecured debt	1,471	1,523	1,676	1,884	1,471	1,523	1,676	1,884
9	**Secured wholesale funding**					**111**	**86**	**131**	**144**
10	**Additional requirements**	**13,391**	**13,260**	**13,243**	**14,545**	**6,221**	**5,986**	**5,796**	**6,273**
11	Outflows related to derivative exposures and other collateral requirements	5,245	4,991	4,650	4,956	5,245	4,991	4,650	4,957
12	Outflows related to loss of funding on debt products	131	137	241	258	131	137	241	257
13	Credit and liquidity facilities	8,015	8132	8,352	9,331	845	858	905	1,059
14	**Other contractual funding obligations**	**322**	**222**	**228**	**175**	**285**	**185**	**179**	**115**
15	**Other contingent funding obligations**	**28,183**	**29,449**	**29,178**	**28,607**	**2,318**	**2,534**	**2,565**	**2,481**
16	**TOTAL CASH OUTFLOWS**					**32,077**	**31,664**	**31,549**	**32,608**
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	3,452	3,096	4,208	5,423	4	4	13	12
18	Inflows from fully performing exposures	2,375	2,291	2,156	1,955	1,543	1,465	1,340	1,220
19	Other cash inflows	2,383	2,471	2,170	1,889	820	967	777	574
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**8,210**	**7,858**	**8,534**	**9,267**	**2,367**	**2,436**	**2,130**	**1,806**
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	8,210	7,858	8,534	9,267	2,367	2,436	2,130	1,806
	TOTAL ADJUSTED VALUE								
UK-21	LIQUIDITY BUFFER					50,846	50,143	48,955	48,706
22	TOTAL NET CASH OUTFLOWS					29,710	29,228	29,419	30,802
23	**LIQUIDITY COVERAGE RATIO**					**171.14%**	**171.55%**	**166.41%**	**158,13%**

Qualitative information on LCR (LIQB)

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The HQLA was also broadly static as a result of deposit growth offseting TFSME repayments. The LCR maintains a significant surplus to both internal and regulatory requirements.
Explanations on the changes in the LCR over time The Q4 average LCR of 171.1% reflects our strong liquidity position
Explanations on the actual concentration of funding sources Santander UK is largely funded through Customer Deposits, with the significant proportion being Retail. Additionally we raise Wholesale Funding including both secured and unsecured term funding, and utilise TFSME funding.
High-level description of the composition of the institution`s liquidity buffer. The liquidity buffer is largely compromised (>95%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.
Derivative exposures and potential collateral calls The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a deterioration of our own credit quality. As secured issuance volumes have been reduced as a result of our participation in the TFSME, this has in turn reduced these amounts.
Currency mismatch in the LCR We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile n/a

Template UK LIQ2: Net Stable Funding Ratio

In accordance with Article 451a(3) CRR
The table below represents the breakdown of the key component for the December 2022 HoldCo Group's NSFR ratio

	(in currency amount)	Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	-	-	-	**18,110**	**18,110**
2	*Own funds*	-	-	-	18,110	18,110
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**157,533**	**1,229**	**986**	**150,258**
5	*Stable deposits*		127,147	580	635	121,975
6	*Less stable deposits*		30,386	649	351	28,283
7	Wholesale funding:		**48,231**	**3,079**	**27,399**	**41,913**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		48,231	3,079	27,399	41,913
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	**327**	**10,135**	**2,456**	**26,961**	**28,189**
12	*NSFR derivative liabilities*	327				
13	*All other liabilities and capital instruments not included in the above categories*		10,135	2,456	26,961	28,189
14	**Total available stable funding (ASF)**					**238,470**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**244**
UK-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		**20,963**	**4,171**	**398,109**	**165,558**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		8,215	309	-	154
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,884	2,300	205,875	159,241
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		2,590	1,533	194,688	147,202
22	*Performing residential mortgages, of which:*		251	460	187,220	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		251	460	187,220	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		5,613	1,102	5,014	6,163
25	Interdependent assets		-	-	-	-
26	Other assets:	-	**3,213**	**64**	**5,352**	**6,965**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	210
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		427	-	-	21
31	*All other assets not included in the above categories*		2,786	64	5,352	6,734
32	Off-balance sheet items		**25,148**	**117**	**5,039**	**1,515**
33	**Total RSF**					**174,282**
34	**Net Stable Funding Ratio (%)**					136.83%

Use of internal model-based approaches for determination of capital requirements

In accordance with UK CRR rules, the Company uses regulator approved internal models to calculate regulatory capital requirements for credit risk. Further details on the internal models used are included under credit risk and market risk in the risk types section of this document.

For credit risk three model-based approaches are used, which are collectively termed the Internal Ratings-Based (IRB) approach. The first of these approaches is the foundation IRB (FIRB) approach, under which a bank can calculate capital requirements using an internal assessment of the probability of default (PD) of a counterparty, combined with supervisory formula to estimate the exposure at default (EAD) and loss given de fault (LGD). The second approach is the advanced IRB (AIRB) approach (this includes the Retail IRB approach) under which a bank can calculate capital requirements using internal assessments for PD, EAD and LGD. The third approach is 'slotting', used for specialised lending exposures. For these types of exposures, a set of supervisory risk weights are used, which are assigned on the basis of a classification in five categories, depending on the underlying credit risk, as well as the remaining maturity.

Where these model-based approaches are not used, the standardised approach is used, under which a bank will apply a risk weighting to exposures depending on the category of exposure and, where applicable, an external credit rating.

The Company scope of the use of IRB credit risk approaches and standardised approach is detailed in the table below:

	AIRB	FIRB	Slotting	Standardised
Retail	Residential mortgages Unsecured Personal Loans Bank Accounts	-	-	Credit Cards Consumer Finance Other
Non Retail	Banks Insurers Large Corporates Social Housing	Corporate	Specialised Lending	Sovereigns Other Non-IRB Corporates

By the introduction of Post Banking Reform restructuring, which was applicable as at 1st January 2019, there has been no VAR Internal Market Risk models.

Risk-weighted assets by business division

	Regulatory exposure			Risk-weighting			RWAs		
31 December 2022	Standardised approach £bn	IRB Approach £bn	Total £bn	Standardised approach %	IRB Approach %	Total %	Standardised approach £bn	IRB Approach £bn	Total £bn
Retail Banking									
- Secured lending	0.3	192.4	192.7	21.2%	17.1%	17.1%	0.1	32.9	33.0
- Unsecured lending	15.1	7.6	22.7	62.9%	46.1%	57.3%	9.5	3.5	13.0
- Operational risk	-	-	-	-	-	-	5.9	-	5.9
Corporate & Commercial Banking									
- Customer assets	6.4	15.8	22.2	77.0%	49.6%	57.4%	4.9	7.8	12.7
- Counterparty risk	0.2	0.1	0.3	99.5%	0.3%	55.4%	0.2	-	0.2
- Operational risk	-	-	-	-	-	-	1.1	-	1,1
Corporate & Institutional Banking									
- Credit risk	-	-	-	-	-	-	-	-	-
- Counterparty risk	-	-	-	-	-	-	-	-	-
- Market risk[1]	-	-	-	-	-	-	-	-	-
- Operational risk	-	-	-	-	-	-	-	-	-
Corporate Centre									
- Customer assets[2]	2.7	-	2.7	25.8%	-	25.8%	0.7	-	0.7
- Counterparty Risk	0.4	1.1	1.5	65.8%	22.6%	34.2%	0.2	0.3	0.5
- Eligible liquid assets[3]	50.8	-	50.8	-	-	-	-	-	-
- Market Risk[1]	-	-	-	-	-	-	0.3	-	0.3
- Operational Risk	-	-	-	-	-	-	0.2	-	0.2
Other assets[4]	6.9	0.1	7.0	50.7%	100.0%	51.4%	3.5	0.1	3.6
Total	82.8	217.1	299.9	32.1%	20.5%	23.7%	26.6	44.6	71.2

(1) Market Risk RWAs are determined using standardised approaches.
(2) Customer assets in the Corporate Centre largely comprise Social Housing.
(3) Eligible liquid assets include reverse repurchase agreements collateralised by eligible sovereign securities.
(4) The RWAs for other assets have been allocated to Corporate Centre. The RWAs cover Credit risk, Market risk and Operational risk.

RWA and Capital Requirements

Table UK OVC - ICAAP information

Article 438(a) CRR **Approach to assessing the adequacy of the internal capital** Each year we complete our Internal Capital Adequacy Assessment Process (ICAAP), which is fully documented and shared with the PRA. The purpose of the ICAAP is to: 1. Identify the major sources of risk to which we are exposed which could affect our ability to meet our liabilities as they fall due. 2. Assess the amounts, types, and distribution of our capital resources. 3. Perform stressed scenario tests and sensitivity analysis to confirm that our capital is adequate even in a severe adverse economic environment. 4. Ensure that the processes, strategies, and systems used are comprehensive and fit-for-purpose. This ICAAP demonstrates that the minimum levels of all capital and leverage ratios, as articulated in the Board's Risk Appetite Statement, were exceeded at the reporting date and are forecast to be exceeded over the forecasting horizon under all scenarios, except (by design) under the Reverse Stress Test (RST). The PRA then tells us how much capital (Pillar 2A), and of what quality, it thinks we should hold in addition to the Pillar 1 requirements and buffer levels. We augment our regulatory minimum capital with internal buffers. We hold buffers to ensure we have enough time to take action against unexpected movements.
Article 438(c) CRR **Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process** Santander UK's latest TCR was received in November 2022. The Pillar 2A amount at 31 December 2022 for San UK Group was £4.1bn or 5.7% of RWA, of which at least £2.3bn or 3.2% of RWA must be met by CET1 capital.

Overview of risk weighted exposure amounts (OV1)

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8%:

		Risk Weighted Exposure Amounts (RWAs)		Total Own Funds Requirements
		31 December 2022 £bn	30 September 2022 £bn	31 December 2022 £bn[1]
1	Credit risk (excluding CCR)[1]	62.7	63.5	5
2	Of which the standardised approach	18.3	18.2	1.5
3	Of which the foundation IRB (FIRB) approach	1.9	1.9	0.1
4	Of which slotting approach	3	3.2	0.2
UK 4a	Of which equities under the simple risk weighted approach		0.1	
5	Of which the advanced IRB (AIRB) approach	39.5	40.1	3.2
6	Counterparty credit risk - CCR[1]	0.4	0.5	
7	Of which the standardised approach	0.2	0.3	
8	Of which internal model method (IMM)	0.2	0.2	
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	0.2	0.2	
9	Of which other CCR			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)[2]	0.4	0.2	
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	0.3	0.2	
19	Of which SEC-SA approach	0.1		
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)[1]	0.3	0.3	
21	Of which the standardised approach	0.3	0.3	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk[1]	7.2	6.7	0.7
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.2	6.7	0.7
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total[1]	71.2	71.4	5.7

[1] Balances which are not visible due to rounding have been included in the total.
[2] Includes 4 Significant Risk Transfer transactions which are subject to re-characterisation risk.

UK CRR Pillar 1 risk types

The following sections of this document cover credit risk (which includes counterparty risk), market risk and operational risk, which are the risk types included in UK CRR Pillar 1 that contribute to the level of RWAs.

RWA flow statements of credit risk exposures under the IRB approach (CR8) and RWA flow statements of credit risk exposures under the standardised approach[1]

RWA flow statements of credit risk exposures under IRB approach (CR8)

		RWA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September	45.5	3.6
2	Asset size	(1.2)	(0.1)
3	Asset quality	0.2	-
4	Model updates	0.1	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	Risk weighted exposure amount as at 31 December	44.6	3.5

RWA flow statements of credit risk exposures under standardised approach

		RWA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September	18.7	1.5
2	Asset size	(0.2)	-
3	Asset quality	-	-
4	Model updates	0.4	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	Risk weighted exposure amount as at 31 December	18.9	1.5

RWA decrease of £1.2bn in the asset size section of the IRB table is primarily driven by the decrease in retail mortgage portfolio. Model updates in the standardised approach table relate to Social Housing PD recalibration awaiting PRA approval, an article 146 add-on has been held within the Standardised other in line 8.

1 Table excludes CVA

Table UK CRC – Qualitative disclosure requirements related to CRM techniques

Article 453 (a) CRR	A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting; Offsetting financial assets and liabilities Financial assets and liabilities including derivatives are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Santander UK group is party to a number of arrangements, including master netting arrangements under industry standard agreements which facilitate netting of transactions in jurisdictions where netting agreements are recognised and have legal force. The netting arrangements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis.
Article 453 (b) CRR	The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management; **Retail Banking** Credit risk mitigation The types of credit risk mitigation, including collateral, across each of our portfolios are: **Residential mortgages** Collateral is in the form of a first legal charge over the property. Before we grant a mortgage, the property is valued either by a surveyor or using automated valuation methodologies where our confidence in the accuracy of this method is high. **Unsecured lending** There is no collateral or security tied to the loan that can be used to mitigate any potential loss if the customer does not pay us back. **Business banking services** Business banking lending is unsecured. When lending to incorporated businesses, we typically obtain personal guarantees from each director but we do not treat these as collateral. **Consumer Finance** Credit risk mitigation The type of credit risk mitigation, including collateral, is: **Consumer (auto) finance** Collateral is in the form of legal ownership of the vehicle for most loans, with the customer being the registered keeper. Only a very small proportion of business is underwritten as a personal loan. In these cases, there is no collateral or security tied to the loan. We use a leading vehicle valuation company to assess the LTV at the proposal stage to ensure the value of the vehicle is appropriate **Corporate & Commercial Banking** Credit risk mitigation The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **SME and mid corporate** Includes secured and unsecured lending. We can take mortgage debentures or a first charge on commercial property as collateral. Before agreeing the loan, we get an independent professional valuation of the property. Loan agreements typically allow us to obtain revaluations during the term of the loan. We can also take guarantees, but we do not treat them as collateral unless they are supported by a tangible asset charged to us. We also lend against assets (like vehicles and equipment) and invoices for some customers. We value assets before we lend. For invoices, we review the customers' ledgers regularly and lend against debtors who meet agreed criteria. We consider the UK Government guarantee supporting losses on amounts lent under its Coronavirus Loan Schemes as collateral. **Commercial Real Estate** We take a first charge on commercial property as collateral. The loan is subject to criteria such as the property condition, age and location, tenant quality, lease terms and length, and the sponsor's experience and creditworthiness. Before agreeing the loan, we visit the property and get an independent professional valuation. Loan agreements typically allow us to obtain revaluations during the term of the loan. **Social Housing** We take a first charge on portfolios of residential real estate owned and let by UK Housing Associations as collateral, in most cases. We revalue this every three to five years (in line with industry practice), using the standard methods for property used for Social Housing. **Corporate Centre** Credit risk mitigation

	The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **Sovereign and Supranational** In line with market practice, there is no collateral against these assets. **Structured Products** These are our High Quality Liquid Assets (HQLA) and Legacy Treasury asset portfolios. They are mainly ABS and covered bonds, which hold senior positions in the creditor hierarchy. Their credit rating reflects over-collateralisation in the structure and the assets that underpin their cash flows. **Financial Institutions** We use standard legal agreements to reduce credit risk via netting and collateralisation on derivatives, repos and reverse repos, and stock borrowing/lending. We also reduce risk by clearing trades through central counterparties (CCPs) where possible. **Legacy Portfolios in run off** We often take a first charge over the underlying asset or cash. We get independent valuations on fixed charge security in line with industry guidelines. **Crown Dependencies** We manage the risk on this portfolio in the same way as for mortgages in Retail Banking.
Article 453 (c) CRR	A description of the main types of collateral taken by the institution to mitigate credit risk; Covered by Article 453 (b) CRR section above.
Article 453 (d) CRR	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures; Credit protection entities Santander UK has established four (2021: three) unconsolidated credit protection entities, which are Designated Activity Companies limited by shares, incorporated in Ireland. Each entity has issued a series of credit linked notes varying in seniority which reference portfolios of Santander UK group loans. Concurrently, these entities sell credit protection to Santander UK in respect of the referenced loans and, in return for a fee, are liable to make protection payments to Santander UK upon the occurrence of a credit event in relation to any of the referenced loans. Senior credit linked notes, which amounted to £180m (2021: £1,184m), are issued to, and held by, Santander UK. Junior credit linked notes, which amounted to £465m (2021: £619m), are all held by third party investors and suffer the first losses incurred in the referenced portfolios. Funds raised by the sale of the credit linked notes are deposited with Santander UK as collateral for the credit protection. The senior credit linked notes, along with the deposits and associated guarantees, are presented on a net basis, to reflect a legal right of set-off between the principal amounts of senior notes and the cash deposits. Deposits and associated guarantees in respect of the junior credit linked notes are included in 'Deposits by customers' (see Note 23). The entities are not consolidated by Santander UK because the third-party investors have the exposure, or rights, to all of the variability of returns from the performance of the entities. No assets are transferred to, or income received from, these entities. Since the credit linked notes (including those held by Santander UK) are fully cash collateralised, Santander UK's maximum exposure to loss is equal to any unamortised fees paid to the entities in connection with the credit protection outlined above.
Article 453 (e) CRR	Information about market or credit risk concentrations within the credit mitigation taken; **Monitoring** We measure and monitor changes in our credit risk profile on a regular and systematic basis against our budgets, limits and benchmarks. **Credit concentrations** A core part of our monitoring and management is a focus on credit concentrations, such as the proportion of our lending that goes to specific borrowers, groups or industries. We set and monitor concentration limits in line with our Risk Appetite and review them on a regular basis. – Geographical concentrations: We set exposure limits to countries and geographies, with reference to the country limits set by Banco Santander and our own Risk Appetite. For more geographical information, see 'Country risk exposures'. – Industry concentrations: We also set exposure limits by industry sector. We set these limits based on the industry outlook, our strategic aims and desired level of concentration, and relevant limits set by Banco Santander. We analyse committed exposures in the 'Credit risk review' section of the Annual Report and Accounts.

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CR3)

For more details on the Company's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2022 Annual Report.

The following table provides analysis of secured and collateralised exposures at 31 December 2022:

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m
1	Loans and advances	9,506	226,086	222,851	3,235	-
2	Debt securities	4,715	1,474	1,474	-	
3	Total	14,221	227,560	224,325	3,235	-
4	*Of which non-performing exposures*	798	2,344	-	-	-
5	*Of which defaulted*	798	2,344			

Credit risk exposure and credit risk mitigation (CRM) effects (CR4)

Standardised approach

		Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
		31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 %
1	Central governments or central banks	50.3	-	53.4	0.1	-	-
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	0.1	0.1	-	-	20%
4	Multilateral Development Banks	1.0	-	1.0	-	-	-
5	International Organisations	-	-	-	-	-	-
6	Institutions	0.5	-	0.8	-	0.2	19%
7	Corporates	8.6	3.1	6.3	0.2	5.7	91%
8	Retail	10.1	21.0	9.6	-	7.1	74%
9	Secured by mortgages on immovable property	1.2	-	1.2	-	0.5	37%
10	Exposures in default	0.4	0.1	0.2	-	0.3	123%
11	Exposures associated with particularly high risk	-	0.1	-	-	-	150%
12	Covered bonds	1.4	-	1.4	-	0.2	15%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	7.1	-	7.1	-	4.5	63%
	Securitisations	-	-	-	-	-	169%
	Contributions to the default fund of a CCP	-	-	-	-	-	1250%
17	**Total**	80.6	24.4	81.1	0.3	18.5	23%

IRB approach

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 %
Corporates – Specialised Lending	4.9	0.5	4.9	0.2	3.4	68%
Corporates – SME	0.5	0.2	0.5	0	0.5	88%
Corporates – Other	6.5	5.9	6.4	3.8	4.0	39%
Institutions	1.2	0	1.2	0	0.2	18%
Retail Immovable Property	187.4	8.1	187.9	4.5	32.9	17%
Retail QRR	0.5	4.0	0.5	5.1	1.8	32%
Retail Other	2.1	0	2.1	0	1.7	85%
Equity	0	0	0	0	0	370%
Securitisations	0	0.2	0	0.2	0	15%
Total	203.1	18.9	203.5	13.8	44.6	21%

Template UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		**RWEA post all CRM assigned to the obligor exposure class**	**RWEA with substitution effects**
		£bn	Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)	**£bn**	**£bn**
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	1.2	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
3	Corporates	9.9	-	80.21%	80.21%	-	-	-	-	-	-	6.19%	-	3.1	3.1
3.1	*Of which Corporates – SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	*Of which Corporates – Specialised lending*	0.6	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4
3.3	*Of which Corporates – Other*	9.3	-	85.50%	85.50%	-	-	-	-	-	-	6.60%	-	2.6	2.6
4	Retail	200.0	-	96.18%	96.18%	-	-	-	-	-	-	-	-	36.5	36.5
4.1	*Of which Retail – Immovable property SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	*Of which Retail – Immovable property non-SMEs*	192.4	-	100.00%	100.00%	-	-	-	-	-	-	-	-	32.9	32.9
4.3	*Of which Retail – Qualifying revolving*	5.7	-	-	-	-	-	-	-	-	-	-	-	1.8	1.8
4.4	*Of which Retail – Other SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	*Of which Retail – Other non-SMEs*	2.0	-	-	-	-	-	-	-	-	-	-	-	1.7	1.7
5	Total	211.1	-	94.90%	94.90%	-	-	-	-	-	-	0.29%	-	39.7	39.7

F-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
		£bn	Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals (%)**	Part of exposures covered by **Immovable property Collaterals (%)**	Part of exposures covered by **Receivables (%)**	Part of exposures covered by **Other physical collateral (%)**	Part of exposures covered by **Other funded credit protection (%)**	Part of exposures covered by **Cash on deposit (%)**	Part of exposures covered by **Life insurance policies (%)**	Part of exposures covered by **Instruments held by a third party (%)**	Part of exposures covered by **Guarantees (%)**	Part of exposures covered by **Credit Derivatives (%)**	**£bn**	**£bn**
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	6.3	-	6.42%	6.42%	-	-	0.02%	0.02%	-	-	3.34%	-	4.9	4.9
3.1	*Of which Corporates – SMEs*	0.7	-	30.55%	30.55%	-	-	0.09%	0.09%	-	-	15.75%	-	0.5	0.5
3.2	*Of which Corporates – Specialised lending*	4.5	-	-	-	-	-	-	-	-	-	0.37%	-	3.0	3.0
3.3	*Of which Corporates – Other*	1.2	-	17.42%	17.42%	-	-	0.06%	0.06%	-	-	7.73%	-	1.3	1.3
4	Total	6.3	-	6.42%	6.42%	-	-	0.02%	0.02%	-	-	3.34%	-	4.9	4.9

Specialised lending and equity exposures under the simple risk weighted approach (CR10)

The following tables outlines the level of exposure assigned to each Specialised Lending Category and maturity.

Template UK CR10.1

		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	28.5	19.1	50%	33.9	16.9	0
	Equal to or more than 2.5 years	179.6	37.1	70%	190.2	115.3	0.8
Category 2	Less than 2.5 years	96.1	134.4	70%	129.6	74	0.5
	Equal to or more than 2.5 years	176.7	199.1	90%	226.7	176.7	1.8
Category 3	Less than 2.5 years	-	0	115%	0	0	0
	Equal to or more than 2.5 years	32.4	0	115%	32.4	35.5	0.9
Category 4	Less than 2.5 years	-	0	250%	0	0	0
	Equal to or more than 2.5 years	-	0.7	250%	0.1	0.3	0
Category 5	Less than 2.5 years	-	0	-	0	0	0
	Equal to or more than 2.5 years	-	0	-	0	0	0
Total	Less than 2.5 years	**124.6**	**153.5**		**163.5**	**90.9**	**0.5**
	Equal to or more than 2.5 years	**388.7**	**236.9**		**449.4**	**327.8**	**3.5**

Template UK CR10.2

		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	767.2	33.5	50%	783.9	356.8	-
	Equal to or more than 2.5 years	853.7	33.0	70%	870.3	553.2	3.5
Category 2	Less than 2.5 years	1,248.2	18.5	70%	1,257.5	827.3	5.0
	Equal to or more than 2.5 years	1,400.0	42.8	90%	1,420.5	1,163.1	11.4
Category 3	Less than 2.5 years	34.0	-	115%	34.0	36.8	1.0
	Equal to or more than 2.5 years	33.2	-	115%	33.2	36.2	0.9
Category 4	Less than 2.5 years	6.7	-	250%	6.7	16.6	0.5
	Equal to or more than 2.5 years	14.9	-	250%	14.9	34.4	1.2
Category 5	Less than 2.5 years	10.3	-	-	10.3	-	5.2
	Equal to or more than 2.5 years	22.5	-	-	22.5	-	11.2
Total	Less than 2.5 years	2,066.4	52.0		2,092.4	1,237.5	11.7
	Equal to or more than 2.5 years	2,324.3	75.8		2,361.4	1,786.9	28.2

Template UK CR10.5

	Equity exposures under the simple risk-weighted approach					
Categories	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-		190%	-	-	-
Exchange-traded equity exposures	-		290%	-	-	-
- Other equity exposures	9.7		370%	9.7	35.9	0.2
Total	**9.7**			**9.7**	**35.9**	**0.2**

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (CCyB1)

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 31 December 2022:

	General credit exposures		Relevant credit exposures – Market risk				Own funds requirement						
Country	Exposure value under the standardised approach £bn	Exposure value under the IRB approach £bn	Sum of long and short positions of trading book exposures for SA £bn	Value of trading book exposures for internal models £bn	Securitisation exposures Exposure value for non-trading book £bn	Total exposure value £bn	Relevant credit risk exposure-Credit Risk £bn	Relevant credit exposures–Market risk £bn	Relevant credit exposures-Securitisation positions in the non-trading book £bn	Total £bn	Risk-weighted exposure amounts £bn	Own funds requirements weights (%)	Countercyclical buffer rate (%)
United Kingdom	23.5	215.4	-	-	1.5	240.4	4.9	-	-	4.9	61.7	98.13%	1.00%
Isle of Man	0.4	0.0	-	-	-	0.4	-	-	-	-	0.2	0.30%	1.00%
Jersey	0.9	0.1	-	-	-	1.0	-	-	-	-	0.4	0.65%	1.00%
Guernsey	0.1	0.2	-	-	-	0.3	-	-	-	-	0.2	0.33%	1.00%
United States	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.00%
Spain	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Australia	0.1	-	-	-	-	0.1	-	-	-	-	-	0.03%	0.00%
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	0.06%	0.50%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0.02%	2.00%
Canada	0.3	-	-	-	-	0.3	-	-	-	-	0.1	0.09%	
Netherlands	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.00%
Ireland	-	0.1	-	-	-	0.1	-	-	-	-	0.1	0.09%	0.00%
Norway	-	-	-	-	-	-	-	-	-	-	-	0.01%	2.00%
Sweden	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
France	0.2	-	-	-	-	0.2	-	-	-	-	-	0.08%	0.00%
Belgium	0.1	-	-	-	-	0.1	-	-	-	-	-	0.02%	0.00%
Finland	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Austria	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
British Virgin Islands	0.1	-	-	-	-	0.1	-	-	-	-	-	0.07%	
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Germany	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Iceland	-	-	-	-	-	-	-	-	-	-	-	0.00%	2.00%
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Other	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Total	25.7	215.8	-	-	1.5	243.0	4.9	0.0	0.0	4.9	62.7	100%	

Exposure value of relevant credit exposures is defined in accordance with Article 140(4) of Directive 2013/36/EU.

Amount of institution-specific countercyclical capital buffer (CCyB2)

The following table shows the amount of institution-specific countercyclical capital buffer:

	£bn
Total risk exposure amount	62.7
Institution specific countercyclical capital buffer rate	1.00%
Institution specific countercyclical capital buffer requirement	0.6

The level of the Countercyclical Capital Buffer for the Company at 31 December 2022 was 1%. The UK countercyclical capital buffer (CCyB) rate increased from 0% to 1% with effective from 13 December 2022.

Key features of credit risk models

The following table shows the key features of the HoldCo Group's IRB models, outlining the model methodology or approach, the number of years of loss data used, the exposure class covered and applicable regulatory thresholds for each of the PD, LGD and EAD components[1]. The RWAs at 31 December 2022 are also shown. This table does not include portfolios covered by the IRB approach for equity exposures (£0.04bn RWAs).

Component Modelled	Portfolio	Number of significant models and size of associated portfolio (RWAs)	Model Description and Methodology	Number of Years Loss Data	Exposure Classes Measured	Applicable Industry-wide regulatory thresholds
PD	Residential Mortgages	One Model (£32.9bn)	Statistical scorecard produces a PD that is scaled to a long-run cycle average	>10 years	Retail Mortgages	PD floor of 0.03%
	Unsecured Personal Loans	One Model (£1.7bn)	Statistical scorecard produces a PD that is scaled to a long-run average	c.3 years	Other Retail	PD floor of 0.03%
	Bank Accounts	One Model (£1.8bn)	Observed default rates segmented into statistical score bands, scaled to a long-run average	6-10 years	Qualifying Revolving Retail Exposures	PD floor of 0.03%
	Social Housing	One Model (£1.7bn)	Expert judgement rating model	Low default portfolio	Corporates	PD floor of 0.03%
	Corporate	Four Models (£5.0bn)	Statistical rating model for Corporates and slotting model (2) for Specialised Lending	>10 years	Corporates	PD floor of 0.03%
	Global Models	Three Models (£1.5bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	PD floor of 0.03%
LGD	Residential Mortgages	One Model (£32.9bn)	Data driven estimates of loss and propensity to write-off, stressed to a downturn position	>10 years	Retail Mortgages	LGD floor of 10% at a portfolio level
	Unsecured Personal Loans	One Model (£1.7bn)	Regression based estimates of loss and propensity to write-off, with expert judgement where appropriate	c.3 years	Other Retail	NA
	Bank Accounts	One Model (£1.8bn)	Data driven estimates of loss and propensity to write-off, using a long run average	6-10 years	Qualifying Revolving Retail Exposures	NA
	Social Housing	One Model (£1.7bn)	Data driven estimate of realisable value of collateral	Low default portfolio	Corporates	LGD Floor of 35%
	Corporate	Four Models (£5.0bn)	Foundation IRB and Slotting	NA	Corporates	NA
	Global Models	Three Models (£1.5bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	NA
EAD	Residential Mortgages	One Model (£32.9bn)	Long-run credit conversion factors applied to on and off balance	>10 years	Retail Mortgages	EAD must be at least equivalent to current balance utilisation at account level
	Unsecured Personal Loans	One Model (£1.7bn)	Regression based model	c.3 years	Other Retail	EAD must be at least equivalent to current balance utilisation at account level
	Bank Accounts	One Model (£1.8bn)	Long-run credit conversion factors applied to on and off balance	6-10 years	Qualifying Revolving Retail Exposures	EAD must be at least equivalent to current balance utilisation at account level
	Social Housing	One Model (£1.7bn)	Data driven estimate	Low default portfolio	Corporates	EAD must be at least equivalent to current balance utilisation at account level
	Corporate	Four Models (£5.0bn)	Foundation IRB and Slotting	NA	Corporates	EAD must be at least equivalent to current balance utilisation at account level
	Global Models	Three Models (£1.5bn)	Combination of statistical and expert judgement models for Banks, Insurers and Large Corporates	Low default portfolios	Corporates & Institutions	EAD must be at least equivalent to current balance utilisation at account level

[1] Slotting models do not estimate a PD or LGD but do generate an Expected Loss.

Probability of Default disclosures (CR6)

The following tables show the distribution by credit quality of the value of exposures, credit risk parameters and capital for the Holdco Group's IRB portfolios, by exposure class. This excludes specialised lending and securitisation portfolios where PD is not estimated for RWA calculations. The initial table below details the relationship between the IRB model portfolio and exposure class.

IRB Model Portfolio	Exposure class
Residential Mortgages	Retail Mortgages
Unsecured Personal Loans	Other Retail
Bank Accounts	Qualifying Revolving Retail Exposures
Social Housing	Corporates
Corporate	Corporates
Global Models – Banks	Institutions
Global Models – Insurers	Corporates
Global Models – Large Corporates	Corporates

The Company uses a single rating scale for reporting purposes to provide a consistent approach for reporting default risk across all the credit risk portfolios. In the tables below, the PD bands and associated PD ranges reflect those used for PRA reporting purposes. The PD band is with 1 representing the lowest risk, and the definition of default is in accordance with PRA rules.
For the corporates and institutions exposure classes, the PD bands for an individual counterparty exposure are determined by the through-the-cycle PD value assigned to the counterparty exposures. This through-the-cycle PD is also used in the calculation of average PD, RWAs and average risk weighting for these classes. For the retail mortgages, qualifying revolving retail exposures and other retail exposure classes, the PD band and PD range reflect the point-in-time PD of an individual counterparty exposure, but the PD used for average PD, RWAs and average risk weighting is cycle-adjusted and hence can be different to the point-in-time PD. This results in the average PD being outside the specified PD range for some PD bands.

For all exposure classes, the average PD and average LGD reflect exposure at default-weighted values. The analysis for corporates and institutions includes both banking book exposures and counterparty risk exposures.

At 31 December 2022

Corporates

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.160	8,213	0.052%	35.409%	1,762	21%
2	0.160 to 0.290	418	0.241%	46.675%	277	66%
3	0.290 to 0.530	347	0.390%	45.700%	274	79%
4	0.530 to 0.920	257	0.620%	46.834%	226	88%
5	0.920 to 1.560	104	0.989%	46.483%	109	105%
6	1.560 to 2.700	816	2.297%	41.751%	857	105%
7	2.700 to 35.000	643	7.326%	43.086%	962	150%
	In default	75	100.000%	45.000%	-	0%
	Total	10,873	1.383%	37.544%	4,467	41%

Institutions

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.037	418	0.0300%	44.2097%	29	7%
2	0.037 to 0.039	571	0.0370%	44.7706%	122	21%
3	0.039 to 0.045	-	0.0000%	0.0000%	-	0%
4	0.045 to 0.058	114	0.0564%	45.3611%	20	17%
5	0.058 to 0.076	-	0.0000%	0.0000%	-	0%
6	0.076 to 0.100	67	0.0859%	45.7009%	30	44%
7	0.100 to 0.134	1	0.1307%	46.2627%	0	41%
8	0.134 to 0.211	2	0.1990%	46.4794%	1	54%
9	0.211 to 0.339	-	0.0000%	0.0000%	-	0%
10	0.339 to 0.544	-	0.0000%	0.0000%	-	0%
11	0.544 to 0.873	-	0.0000%	0.0000%	-	0%
12	0.873 to 1.402	-	0.0000%	0.0000%	-	0%
13	1.402 to 100	5	5.7747%	54.4243%	13	263%
	In default	-	-	-	-	-
	Total	1,178	0.0629%	44.7259%	215	18%

Retail mortgages

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.015	8,457	0.51%	11.47%	810	9.58%
2	0.015 to 0.030	8,791	0.46%	11.11%	772	8.78%
3	0.030 to 0.060	23,471	0.46%	9.72%	1,766	7.52%
4	0.060 to 0.120	42,642	0.52%	9.43%	3,293	7.72%
5	0.120 to 0.250	62,252	1.58%	9.61%	10,350	16.63%
6	0.250 to 0.500	27,169	3.26%	10.48%	7,553	27.80%
7	0.500 to 1.000	10,150	6.36%	11.18%	4,243	41.80%
8	1.000 to 2.000	2,554	13.27%	11.21%	1,411	55.27%
9	2.000 to 4.000	3,018	18.01%	9.92%	1,630	53.99%
10	4.000 to 8.000	962	30.58%	10.69%	578	60.12%
11	8.000 to 15.000	524	48.90%	9.93%	264	50.44%
12	15.000 to 30.000	478	65.61%	10.43%	188	39.32%
13	30.000 to 60.000	294	83.83%	10.34%	60	20.38%
14	60.000 to 99.999	119	84.18%	10.35%	24	19.95%
	In default	1,508	100.00%	12.93%	-	0.00%
	Total	192,389	3.39%	10.00%	32,942	17.12%

Qualifying revolving retail exposures

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
1	0.000 to 0.010	190	0.03%	65.75%	3	1.52%
2	0.010 to 0.030	3,092	0.19%	69.99%	229	7.39%
3	0.030 to 0.050	95	0.26%	75.35%	10	10.65%
4	0.050 to 0.100	3	0.96%	68.07%	1	26.95%
5	0.100 to 0.200	639	0.79%	66.84%	141	22.01%
6	0.200 to 0.500	369	1.31%	69.84%	128	34.61%
7	0.500 to 1.000	416	2.78%	68.26%	242	58.20%
8	1.000 to 2.000	319	5.36%	67.86%	288	90.16%
9	2.000 to 5.000	237	9.54%	69.28%	311	131.11%
10	5.000 to 10.000	131	18.73%	64.75%	224	171.57%
11	10.000 to 20.000	70	25.93%	60.27%	123	174.20%
12	20.000 to 40.000	49	38.81%	56.82%	83	170.17%
13	40.000 to 99.999	22	53.45%	54.37%	34	157.25%
	In default	20	100.00%	74.62%	-	0.00%
	Total	5,652	2.85%	68.89%	1,817	32.14%

Other Retail

PD Band	PD Range %	Exposure at default estimate £m	Average PD %	Average LGD %	RWAs £m	Average Risk Weighting %
2	0.010 to 0.030	-	0.08%	88.01%	-	19.26%
3	0.030 to 0.050	8	0.10%	88.00%	2	23.14%
4	0.050 to 0.100	117	0.15%	88.00%	37	31.54%
5	0.100 to 0.200	349	0.22%	88.00%	139	39.79%
6	0.200 to 0.500	578	0.50%	88.00%	386	66.85%
7	0.500 to 1.000	398	1.16%	88.00%	402	100.95%
8	1.000 to 2.000	270	2.86%	88.00%	349	129.22%
9	2.000 to 5.000	168	5.89%	88.00%	235	140.10%
10	5.000 to 10.000	47	11.44%	88.00%	78	164.20%
11	10.000 to 20.000	12	18.49%	88.00%	24	201.16%
12	20.000 to 40.000	8	29.54%	88.00%	19	237.44%
13	40.000 to 99.999	12	64.91%	88.00%	24	204.38%
	In default	18	100.00%	88.00%	-	0.00%
	Total	1,985	3.13%	88.00%	1,695	85.37%

Significant IRB models and model performance

The residential mortgage portfolio comprised £192.4bn of EAD at 31 December 2022 and represented 89% of all IRB EAD, therefore the IRB models employed to calculate RWAs for this portfolio are considered the most significant. PD is determined by the new business application score and a bespoke default-risk scorecard for the back-book. These models produce account level, point-in-time PD estimates which are adjusted to a long-run average default rate using a variable scalar methodology employing observed and inferred default rate data back to 1989. Within each of the legacy portfolios (the former Abbey and Alliance & Leicester businesses) the scaling of the PD (grouped into 15 non-default risk grades) is performed separately across 13 risk segments determined by balance-to-value and buyer type.

LGD for residential mortgages is calculated as the proportion of the EAD expected to be written-off multiplied by the probability of a write-off occurring after a default event. The loss proportion uses a 'workout' approach, that is one minus the expected recovery proportion, plus direct and indirect recovery costs associated with the recovery process. The probability of write-off given default is measured from observed loss rates from quarterly tranches of accounts entering default since 2007. Downturn LGD is determined by stressing the model inputs to values observed during the worst points of the last recession. For example, the forced sale discount is increased from 19% in normal times to a downturn value of 27%. The downturn probability of write-off given default uses the highest observed values, typically seen from in-defaults occurring during 2008. Other parameters such as time from default to sale, balance owing at sale and property value are also adjusted to be applicable for downturn conditions.

For the Company foundation IRB models employed in Commercial Banking, PD is determined via a calibration of the rating model outputs to observed defaults.

The performance of the Company's IRB models is monitored each quarter in accordance with its model monitoring policies. The monitoring assesses the performance of the rating system with respect to the accuracy of the calibration, discrimination and stability of the component models. The retail models produce both point-in-time and regulatory values of PD, LGD and EAD. Actual values for these parameters are compared with:

- The point-in-time estimates to ensure the models remain accurate; and
- The regulatory values to ensure the margin of conservatism in regulatory capital.

The model monitoring analyses the causes of significant variance between actual and predicted parameters and identifies actions required to remediate. The monitoring and actions taken to correct under-performance are reviewed in accordance with the Company's internal model governance. Should the monitoring indicate that a model is underestimating risk, a temporary capital charge is raised by management until the cause is resolved.

The table below compares the IRB model expected loss with the amount of impairment allowances calculated under the IFRS rules and the impairment charge. The amount of expected loss not covered by impairment allowances contributes to deductions from regulatory capital.

	Expected Loss		Impairment	
	31 December 2021 £bn	31 December 2022 £bn	Allowances at 31 December 2022 £bn	Net Charge for 2022 £bn
Residential Mortgages	0.7	0.7	0.3	0.1
Unsecured Personal Loans	0.1	0.1	-	-
Bank Accounts	0.1	0.1	0.1	0.1
Social Housing	-	-	-	-
Corporate	0.1	0.1	0.1	(0.1)
Global Models	-	-	-	-
Total	1.0	1.0	0.5	0.1

Differences in the value of EL and provisions arise from differences in the way the two measures are calculated under the regulatory capital and accounting rules. These include, but are not limited to:

- Differences in the definition of default and impairment used for EL and provisions, respectively;
- Regulatory floors and economic cycle adjustments applied to PD and LGD values used in EL;
- Provisions recognise forward-looking losses for 12-months and lifetime period while EL is a forward-looking measure of loss arising from defaults in the 12 months; and
- Differences in the cost of recovery and discount rates applied to EL and provisions.
- Old definition of defaults still in use on certain models, pending regulatory approval. Where appropriate, capital add-ons are held to compensate for any additional own fund requirements necessary under the New Definition of Default.
-

The IRB model expected loss is not regarded as an indicator of expected losses in accordance with accounting standards due to the level of regulatory floors and prudence built into the IRB models.

Market risk

Movements in RWAs during 2022 were as follows:

Market risk	2022 £bn
RWAs at 1 January	0.2
Movement in risk levels[1]	0.1
Model updates[2]	-
Methodology and policy[3]	-
RWAs at 31 December	0.3

(1)Changes in risk due to position changes and market movements, includes the removal of regulatory add-ons.
(2)Updates to the model to reflect recent experience, change in model scope.
(3)Methodology changes to the calculations driven by regulatory policy changes.

The 31 December 2022 RWAs of £0.3 bn were calculated under standardised approach.

Key features of market risk models

Following the introduction of Banking Reform, applicable as at 1st January 2019, the Company no longer has approval for a VAR Internal Market Risk model. All Market Risk is calculated using the Standardised approach.

Operational risk

The Company calculates its operational risk capital requirement under the standardised approach in accordance with PRA rules. The standardised approach uses the average of three years' income of each business line. The average three year income is adjusted to take into account historical income of any businesses acquired during that period. The increase of RWAs in 2022 of £0.4bn was a result of higher average three year income.

CRB: Additional disclosure related to the credit quality of assets

The following tables outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) at 31 December 2022 by class of exposure. Further information on impairment losses and provisions is outlined in Note 8 to the financial statements in the Company's 2022 Annual Report.

Definitions of past due and impaired and the approaches and methods adopted for specific credit risk are included in Note 1 to the financial statements in the Company's 2022 Annual Report.

Credit quality of forborne exposures (CQ1)

The following table provides an overview of the quality of forborne exposures at 31 December 2022.

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balance at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	1,475	702	702	702	(38)	(129)	1,916	547
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit Institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-
060 Non-financial corporations	279	228	228	228	(18)	(74)	354	148
070 Households	1,196	474	474	474	(20)	(55)	1,562	399
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	-	-	-	-	-	-	-
100 Total	1,475	702	702	702	(38)	(129)	1,916	547

Credit quality of performing and non-performing exposures by past due days (CQ3)

The following table provides an overview of credit quality of non-performing exposures at 31 December 2022:

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	46,153	46,153	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	232,450	231,980	470	3,142	1,659	492	445	485	27	33	1	3,142
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	107	107	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,162	1,162	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	13,145	13,144	1	12	9	1	1	1	-	-	-	12
060	*Non-financial corporations*	18,315	18,206	109	659	386	119	111	18	21	3	1	659
070	*Of which SMEs*	9,138	9,049	89	544	311	105	95	18	12	3	-	544
080	*Households*	199,721	199,361	360	2,471	1,264	372	333	466	6	30	-	2,471
090	**Debt securities**	6,189	6,189	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3,328	3,328	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,645	2,645	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	210	210	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	6	6	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	31,761			104								104
160	Central banks	-			-								-
170	General governments	-			-								-
180	Credit institutions	-			-								-
190	Other financial corporations	1,181			-								-
200	Non-financial corporations	9,155			40								40
210	Households	21,425			64								64
220	**Total**	316,553	284,322	470	3,246	1,659	492	445	485	27	33	1	3,246

Credit quality of loans and advances to non-financial corporations by industry (CQ5)

Breakdown of exposures by industry class and Credit Quality:

	At 31 December 2022	Gross carrying amount					
			Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	126	21	21	126	(7)	-
020	Mining and quarrying	64	2	2	64	(2)	-
030	Manufacturing	764	41	41	764	(31)	-
040	Electricity, gas, steam and air conditioning supply	268	-	-	268	-	-
050	Water supply	97	1	1	97	(1)	-
060	Construction	1,074	48	48	1,073	(16)	-
070	Wholesale and retail trade	1,687	102	102	1,980	(66)	-
080	Transport and storage	260	15	15	260	(5)	-
090	Accommodation and food service activities	1,354	100	100	1,354	(57)	-
100	Information and communication	412	32	32	408	(11)	-
110	Financial and insurance activities	13,996	12	12	13,996	(19)	-
120	Real estate activities	9,032	32	32	9,018	(30)	-
130	Professional, scientific and technical activities	1,282	75	75	1,293	(37)	-
140	Administrative and support service activities	826	37	37	826	(19)	-
150	Public administration and defence, compulsory social security	7	-	-	7	-	-
160	Education	261	5	5	253	(3)	-
170	Human health services and social work activities	963	43	43	963	(24)	-
180	Arts, entertainment and recreation	217	11	11	217	(2)	-
190	Other services	261	94	94	263	(42)	-
200	**Total**	32,953	671	671	33,230	(372)	-

Collateral obtained by taking possession and execution processes (CQ7)

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 31 December 2022.

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	25	-
030	*Residential immovable property*	25	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	-	-
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**25**	-

Performing and non-performing exposures and related provisions (CR1)

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 31 December 2022:

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated Partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	46,153	46,153	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	232,450	214,585	17,791	3,142	589	2,553	(621)	(144)	(477)	(333)	(17)	(333)	-	218,781	1,999
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	107	107	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,162	1,162	-	-	-	-	-	-	-	-	-	-	-	252	-
050	*Other financial corporations*	13,145	12,971	173	12	-	12	(16)	(5)	(11)	3	-	3	-	8,809	8
060	*Non-financial corporations*	18,315	15,214	3,375	659	-	659	(220)	(70)	(150)	(135)	-	(135)	-	17,062	224
070	*Of which SMEs*	9,138	6,919	2,219	544	-	544	(155)	(49)	(106)	(97)	-	(97)	-	8,542	171
080	Households	199,721	185,131	14,243	2,471	589	1,882	(385)	(69)	(343)	(215)	(17)	(215)	-	192,658	1,767
090	**Debt securities**	6,189	6,189	-	-	-	-	-	-	-	-	-	-	-	1,474	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3,328	3,328	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,645	2,645	-	-	-	-	-	-	-	-	-	-	-	1,269	-
130	Other financial corporations	210	210	-	-	-	-	-	-	-	-	-	-	-	205	-
140	Non-financial corporations	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	31,761	30,439	902	104	-	104	65	26	39	9	-	9	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	1,181	760	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	9,155	8,730	426	40	-	40	25	14	11	7	-	7	-	-	-
210	Households	21,425	20,949	476	64	-	64	40	12	28	2	-	2	-	-	-
220	**Total**	316,553	297,366	18,693	3,246	589	2,657	(556)	(118)	(438)	(324)	(17)	(324)	-	220,255	1,999

Maturity of exposures (CR1-A)

	At 31 December 2022	Net exposure value					
		On demand	<= 1 year	>1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,470	10,459	26,679	185,232	-	223,840
2	Debt securities	1,780	6,927	23,383	4,330	-	36,420
3	**Total**	3,250	17,386	50,062	189,562	-	260,260

Changes in the stock of non-performing loans and advances (CR2)

		Gross carrying amount
		£m
010	**Initial stock of non-performing loans and advances**	3,510
020	Inflows to non-performing portfolios	1,245
030	Outflows from non-performing portfolios	(1,613)
040	Of which Outflows due to write-offs	(265)
050	Of which Outflows due to other situations	(1,348)
060	**Final stock of non-performing loans and advances**	3,142

Prudential valuation adjustments (PVA)

PVA for all assets measured at fair value (mark to market or marked to model) and for which PVA are required. Assets can be non-derivative or derivative instruments.

At 31 December 2022	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
Closeout uncertainty, of which:	0.82	6.88	-	1.89	-	9.59	0.01	9.58
- Mid-market value	0.45	2.75	-	0.37	-	3.57	0.01	3.56
- Closeout cost	-	4.13	-	0.54	-	4.67	0.00	4.67
- Concentration	0.37	-	-	0.98	-	1.35	-	1.35
Early termination	-	-	-	-	-	-	-	-
Model risk	0.05	0.53	-	-	-	0.58	0.36	0.22
Operational risk	0.05	0.78	-	0.09	-	0.92	0.01	0.91
Investing and funding costs	-	2.64	-	-	-	2.64	-	2.64
Unearned credit spreads	-	2.43	-	-	-	2.43	1.38	1.05
Future administrative costs	-	2.07	-	0.10	-	2.17	0.69	1.48
Other	-	-	-	-	-	-	-	-
Total adjustment	0.92	15.33	-	2.08	-	18.33	2.45	15.88

Key Movements

Model Risk and Close Out Costs primarily driven by Property Derivatives, following the effect of an increase in GBP rates on discounted future cashflows. In addition, the PVA reduction was generated by a reduction in Future Administrative Costs.

These reductions were partially offset by an increase in Investment & Funding Costs AVA from wider funding spreads for Property Derivatives, plus an increase in Market Price Uncertainty from widening MPU spreads for Structural Risk Derivatives.

Remuneration

All remuneration requirements outlined in the **UK REMA** as presented in Annex XXIII of PRA Rulebook, Article 450 (1) (a), (b), (c), (d), (e), (f), (j) and (k) and 450 (2) in accordance with Articles 433a, 433b and 433c are disclosed in the Santander UK Group Holdings Regulatory Remuneration Disclosures, which are available as a separate document on the Santander UK website.

Own Funds disclosure – balance sheet reconciliation

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes.

A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below at 31 December 2022.This outlines the impact of the difference in scope of consolidation outlined above:

	Own Funds Type		
	CET1 £m	Additional Tier 1 £m	Tier 2 £m
Santander UK Balance Sheet elements			
Shareholder's equity and Non-controlling interests	12,515	2,196	-
Subordinated Liabilities	-	-	2,332
UK CRR Adjustments			
Additional value adjustments	(18)	-	-
Intangible Assets (net of related tax liability)	(1,484)	-	-
Fair value reserves related to gains or losses on cash flow hedges	1,116	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(517)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(27)	-	-
Deferred tax assets arising from temporary differences	-	-	-
Defined benefit pension fund assets	(755)	-	-
- Dividend accrual	(3)	-	-
- Deduction for minority interests	-	-	-
- NPE Backstop	(4)	-	-
- Capital Add-on	-	-	-
- IFRS 9 Transitional Adjustments	20	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(871)
Total	10,843	2,196	1,461

Composition of regulatory own funds (CC1)

The following table provides disclosure of the Company's own funds items. The UK CRR end point position can be derived as the sum of the 31 December 2022 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

		31 December 2022 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital Instruments and the related share premium accounts	7,060	Share Capital
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained Earnings	6,560	Retained Earnings
3	Accumulated other comprehensive income (and other reserves)	(1,107)	Other Reserves
UK-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	12,513	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(18)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,484)	Intangible Assets
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	Deferred Tax Assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1,116	Other Reserves
12	Negative amounts resulting from the calculation of expected loss amounts	(517)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(27)	
15	Defined-benefit pension fund assets (negative amount)	(755)	Retirement Benefit Assets
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
UK-20c	of which: securitisation positions (negative amount)	-	
UK-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
UK-25a	Losses for the current financial year (negative amount)	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	15	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(1,670)	
29	**Common Equity Tier 1 (CET1) capital**	10,843	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	2,196	Other Equity Instruments
31	of which: classified as equity under applicable accounting standards	2,196	Other Equity Instruments
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	2,196	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	

		31 December 2022 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**2,196**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**13,039**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	664	Subordinated Liabilities
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	797	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties	-	Subordinated Liabilities
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	1,461	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
UK-56b	Other regulatory adjustments to T2 capital	-	
the 57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	1,461	
59	**Total Capital (TC = T1 + T2)**	14,500	
60	**Total Risk exposure amount**	71,166	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.2%	
62	Tier 1 (as a percentage of total risk exposure amount)	18.3%	
63	Total capital (as a percentage of total risk exposure amount)	20.4%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	4.5%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement -	1.00%	
67	of which: systemic risk buffer requirement	-	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.00%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	15.2%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustment in T2 under standardised approach	231	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustment in T2 under internal ratings-based approach	268	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2)

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes.
A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below at 31 December 2022.This outlines the impact of the difference in scope of consolidation outlined above:

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end 31 December 2022	As at period end 31 December 2022	
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*				
1	Cash and balances at central banks	46,635	46,635	
2	Financial assets at fair value through profit or loss:	-	-	
3	– Trading assets	-	-	
4	– Derivative financial instruments	2,439	2,439	
5	– Other financial assets at fair value through profit or loss	434	434	
6	Financial assets at amortised cost:	-	-	
7	– Loans and advances to customers	223,840	223,694	
8	– Loans and advances to banks	1,105	1,155	
9	– Reverse repurchase agreements – non trading	7,348	7,348	
10	– Other financial assets at amortised cost	156	156	
11	Macro hedge of interest rate risk	(2,654)	(2,654)	
12	Financial assets at fair value through other comprehensive income	6,024	6,024	
13	Financial investments	-	-	
14	Interests in other entities	252	21	
15	Intangible assets	1,550	1,550	
16	Property, plant and equipment	1,526	2,103	
17	Current tax assets	484	494	
18	Deferred tax assets	-	2	
19	Retirement benefit assets	1,051	1,051	
20	Other assets	2,004	2,074	
21	Assets held for sale	49	49	
22	**Total assets**	292,243	292,576	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*				
1	Financial liabilities at fair value through profit or loss:	-	-	
2	– Trading liabilities	-	-	
3	– Derivative financial instruments	1,008	1,008	
4	– Other financial liabilities at fair value through profit or loss	803	803	
5	Financial liabilities at amortised cost:	-	-	
6	– Deposits by customers	197,313	196,699	
7	– Deposits by banks	28,543	29,094	
8	– Repurchase agreements – non trading	7,982	7,982	
9	– Debt securities in issue	36,420	36,420	
10	– Subordinated liabilities	2,332	2,332	
11	Macro hedge of interest rate risk	95	95	
12	Other liabilities	2,601	2,687	
13	Provisions	380	380	
14	Current tax liabilities	-	10	
15	Deferred tax liabilities	30	58	
16	Retirement benefit obligations	25	25	
17	Liabilities held for sale	-	-	
18	Total liabilities	277,532	277,592	
Shareholders' Equity				
1	Equity	-	-	
2	Share capital	7,060	7,213	
3	Share premium	-	-	
4	Other equity instruments	2,196	2,196	
5	Retained earnings	6,563	6,682	
6	Other reserves	(1,108)	(1,108)	
7	Non-controlling interests	-	-	
	Total shareholders' equity	14,711	14,983	

Own Funds disclosure – capital instruments main features

The following table outlines the main features of Santander UK's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments as shown in June 2022 Half Year report and the relevant notes.

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK plc	Santander UK plc
2	ISIN	XS2473776974	XS2300344863	XS2040071016	XS1592884123	US80281LAA35 XS1291333760	US80281LAB18 XS1291352711	GB0000064393	GB0000044221
2a	Public or Private Placement	Private	Private	Private	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regulatory treatment									
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier1	Additional Tier1	Additional Tier1	Additional Tier1	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Additional Tier1	Additional Tier1	Additional Tier1	Additional Tier1	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier1	Additional Tier1	Additional Tier1	Additional Tier1	Subordinated	Subordinated	Preferred	Preferred
8	Amount recognised in regulatory capital (£m)	750	450	500	496	330	334	212	132
9	Nominal amount of instrument (£m)	750	450	500	500	602	332	200	125
9a	Issue Price of Instrument3	100%	100%	100%	100%	99.724%	99.412%	100m @ 101.52% 100m @ 108.935%	101.55%
9b	Redemption Price of Instrument	100% (call)	100% (call)	100% (call)	100% (call)	100%	100%	n/a	n/a
10	Accounting classification	Shareholders Equity	Shareholders Equity	Shareholders Equity	Shareholders Equity	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost
11	Original date of issuance	05/05/2022	01/03/2021	09/08/2019	10/04/2017	15/09/2015	15/09/2015	23/10/1995	09/06/1997
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	Perpetual	Perpetual
13	Original maturity date	n/a	n/a	n/a	n/a	15/09/2025	15/09/2045	n/a	n/a
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	Next issuer call option 24/06/2027 to 24/09/2027, Tax event call option at any time, Regulatory Capital Event call option / par	Next issuer call option 24/03/2026 to 24/9/2026, Tax event call option at any time, Regulatory Capital Event call option / par	Next issuer call option 24/03/2025, Tax event call option at any time, Regulatory Capital Event call option / par	Next issuer call option 24/06/2024, Tax event call option at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	n/a	n/a
16	Subsequent call dates, if applicable	Quarterly	Quarterly	Quarterly	5 years	n/a	n/a	n/a	n/a
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	6.5%	4.25%	6.3%	6.75%	4.75%	5.625%	10.375%	8.625%
19	Existence of a dividend stopper	No	No	No	No	No	No	Yes	Yes
20a & b	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Mandatory	Mandatory	Partially discretionary	Partially discretionary

21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV –UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group < 7% (Loss Absorption Event)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
32	If write-down, full or partial	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34b	Ranking of the instrument in normal insolvency proceedings	2	2	2	2	3	3	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Senior	Senior	Tier 2	Tier 2
36	Non-compliant transitioned features	No	No	No	No	No	No	No	No
37	If yes, specify non-compliant features								

Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK Group Holdings plc
2	ISIN	XS0103012893	XS0060837068	US002920AC09	XS0133956168	XS0989359756 US80283LAA17	n/a
2a	Public or Private Placement	Public	Public	Public	Public	Public	Private
3	Governing law(s) of the instrument	English	English	New York	English	English	English

3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	No	Yes	Yes	n/a
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
5	Post-transitional CRR rules	Tier 2	Tier 2	Ineligible	Tier 2	Tier 2	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Equity
8	Amount recognised in regulatory capital (£m)	22	205	207	7	101	7,060
9	Nominal amount of instrument (£m)	22	200	178	11	588	7,060
9a	Issue Price of Instrument	99.561%	100.432%	99.626%	98.878%	99.681%	100%
9b	Redemption Price of Instrument	100%	n/a	100%	100%	100%	n/a
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Shareholders Equity
11	Original date of issuance	21/10/1999	23/10/1995	26/10/1999	14/08/2001	07/11/2013	10/01/2014
12	Perpetual or dated	Dated	Perpetual	Dated	Dated	Dated	Perpetual
13	Original maturity date	21/10/2030	n/a	26/10/2029	14/08/2031	07/11/2023	n/a
14	Issuer call subject to prior supervisory approval	No	No	No	n/a	No	No
15	Optional call date, contingent call dates and redemption amount	Tax event at any time/par	Tax event at any time/par	Tax event at any time/par	Tax event at any time/par	Tax event at any time, Regulatory Capital Event call option / par	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a	n/a	n/a
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Variable
18	Coupon rate and any related index	6.5%	10.0625%	7.95%	5.875%	5%	n/a
19	Existence of a dividend stopper	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Mandatory	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Contractual: None Statutory: Bail-in power under UK Banking Act 2009 at PONV– UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory **bail-in power under UK** Banking Act 2009 at PONV – UK BoE/PRA	n/a
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	n/a
26	If convertible, conversion rate	To be determined at conversion	Contractual:100% Statutory: To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	n/a
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Contractual : at the option of the issuer Statutory: Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	n/a
28	If convertible, specify instrument type convertible into	CET1 or other securities	Contractual: Additional Tier 1	CET1 or other securities	CET1 or other securities	CET1 or other securities	n/a

			Statutory: CET1 or other securities				
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	n/a
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	No
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	n/a
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a
34b	Ranking of the instrument in normal insolvency proceedings	n/a	n/a	n/a	n/a	n/a	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Tier 2	Senior	Senior	Senior	Additional Tier 1
36	Non-compliant transitioned features	No	No	Yes	No	No	No
37	If yes, specify non-compliant features			No contractual recognition of bail-in and conversion powers			

CCA - Main features of regulatory capital instruments and of other TLAC-eligible instruments

Own Funds disclosure – capital instruments main features table on page 46-49 outlines the main features of the Company's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. Other TLAC eligible instruments are detailed in the following table.

CCA Bail In- Main features of other TLAC and MREL-eligible instruments

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
2	ISIN	XS1487315860	US80281LAH87	US80281LAG05	XS1799039976	XS1816338914	US80281LAJ44	XS1345415472	XS1435163859	XS1569879304	XS1573245864	XS2126058168
2a	Public or Private Placement	Public	Public	Public	Public	Public	Public	Public	Private	Private	Private	Public
3	Governing law(s) of the instrument	English	New York	New York	English	English	New York	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	n/a	n/a	Yes	n/a	n/a	n/a	n/a	n/a
4	Current treatment taking into account, where applicable, transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	Post-transitional Basel III rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond
8	Amount recognised for MREL (£m)	0	0	833	665	509	835	507	39	17	63	667

1	Issuer	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
2	ISIN	US80281LAM72	US80281LAN55	US80281LAP04	US80281LAQ86	XS2385791046	US80281LAR69	XS2432519317	XS2525226622	XS2555708036	US80281LAS43
2a	Public or Private Placement	Public	Public	Public	Public	Public	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	New York	New York	New York	New York	English	New York	English	English	English	New York
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Current treatment taking into account, where applicable, transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	Post-transitional Basel III rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond
8	Amount recognised for MREL (£m)	833	1165	501	829	665	838	510	671	754	1252

9	Nominal amount of instrument (£m)	583	830	830	665	500	830	500	39	17	63	665	830	1163	498	830	665	830	500	665	750	1246
10	Accounting classification	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost	Liability – Amortised Cost
11	Original date of issuance	08/09/2016	05/01/2018	03/11/2017	27/03/2018	08/05/2018	15/11/2018	14/01/2016	22/06/2016	22/02/2017	10/03/2017	28/02/2020	21/08/2020	15/03/2021	15/03/2021	14/06/2021	13/09/2021	11/01/2022	17/01/2022	25/08/2022	16/11/2022	21/11/2022
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	08/09/2023	05/01/2024	03/11/2028	27/03/2024	08/05/2026	15/11/2024	14/01/2026	22/06/2026	22/02/2027	10/03/2027	28/02/2025	21/08/2026	15/03/2025	15/03/2032	14/06/2027	13/09/2029	11/01/2028	17/01/2029	25/08/2028	16/11/2027	21/11/2026
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes	Yes	Yes	n/a	n/a	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax event at any time / par	Next issuer call option 05/01/2023 /. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 03/11/2027 /. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 27/03/2023 /. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 08/05/2025 /. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 15/11/2023 /. Tax event at any time, Loss absorption disqualification event call option / par	Tax event at any time / par	Tax event at any time / par	Tax event at any time / par	Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 28/02/2024 /. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 21/08/2025/. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 15/03/2024/. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 15/03/2031/. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 14/06/2026/. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 13/09/2028. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 11/01/2027. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 17/01/2028. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 25/08/2027. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 16/11/2026. Tax event at any time, Loss absorption disqualification event call option / par	Next issuer call option 21/11/2025. Tax event at any time, Loss absorption disqualification event call option / par
16	Subsequent call dates, if applicable [1]	n/a	None	None	None	None	None	n/a	n/a	n/a	n/a	None	None	None	None	None	None	None	None	None	None	None
	Coupons / dividends																					

17	Fixed or floating dividend/coupon	Fixed	Fixed to Floating	Fixed to Floating	Floating	Fixed	Fixed to Floating	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	1.125%	3.373%	3.823%	3m EURIBOR + 85bps	2.920%	4.796%	3.625%	0.790%	3.450%	0.900%	0.391%	1.532%	1.089%	2.896%	1.673%	0.603%	2.469%	2.421%	3.530%	7.098%	6.833%
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially

26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc	Santander UK Group Holdings plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition	Triggers to statutory bail-in power under UK Banking Act 2009 - UK BoE/PRA - Contractual recognition
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary [2]	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism [3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

34 a	Type of subordination	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural	Structural
34 b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	Right to accelerate the future scheduled payment of interest or principal, other than in the case of insolvency or the liquidation of the resolution entity Permanently Grandfathered	No disapplication of the right of set-off Permanently Grandfathered	No disapplication of the right of set-off Permanently Grandfathered	-	-	No disapplication of the right of set-off Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of insolvency or the liquidation of the resolution entity No express waiver to set off Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of insolvency or the liquidation of the resolution entity No express waiver to set off Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of insolvency or the liquidation of the resolution entity Permanently Grandfathered	Right to accelerate the future scheduled payment of interest or principal, other than in the case of insolvency or the liquidation of the resolution entity Permanently Grandfathered	-										

(1) Not considering contingent call events

(2) Permanent subject to any write-up in accordance with s. 48Y Banking Act 2009

(3) Section 48Y Banking Act 2009

Part 2

December 2022 Additional Capital and Risk Management Disclosures for Santander UK plc Group

Introduction

As a wholly-owned large subsidiary under UK CRR, Santander UK plc (the RFB) is required to produce and publish annually a specified number of Pillar 3 disclosures rather than a complete set of Pillar 3 disclosures. In accordance with the EBA guidelines on disclosure frequency[1], the RFB has assessed the need to publish capital-related disclosures more frequently than annually, and the disclosures deemed appropriate for more frequent publication have been included in the additional capital disclosures set out in this document. All disclosures cover the consolidated RFB Group position.

[1] EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency are under Articles 432(1), 432(20) and 433 of Regulation (EU) No 575/2013.

Key metrics (KM1)

The following table summarises the RFB Group's Own Funds and key risk-based capital ratios at 31 December 2022, together with the previously disclosed quarter end information at 30 September 2022, 30 June 2022, 31 March 2022 and 31 December 2021. Further details on Risk Weighted Assets are included in the subsequent sections of this document:

		31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m	31 December 2021 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	10,799	11,006	10,908	10,698	10,820
2	Tier 1 capital	12,755	12,962	12,865	12,654	12,939
3	Total capital	14,303	14,661	14,541	14,332	14,755
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	70,089	70,291	69,212	68,234	67,148
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.41%	15.66%	15.76%	15.68%	16.10%
6	Tier 1 ratio (%)	18.20%	18.44%	18.59%	18.55%	19.20%
7	Total capital ratio (%)	20.41%	20.86%	21.01%	21.00%	21.90%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	3.19%	2.90%	2.91%	2.92%	2.94%
UK 7b	Additional AT1 SREP requirements (%)	1.06%	0.97%	0.97%	0.97%	0.98%
UK 7c	Additional T2 SREP requirements (%)	1.42%	1.29%	1.29%	1.30%	1.31%
UK 7d	Total SREP own funds requirements (%)	5.68%	5.15%	5.18%	5.20%	5.23%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.00%	-	-	-	-
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	1.00%	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	4.50%	3.50%	3.50%	3.50%	3.50%
UK 11a	Overall capital requirements (%)	18.17%	16.65%	16.68%	16.70%	16.73%
12	CET1 available after meeting the total SREP own funds requirements (%)	2.24%	4.21%	4.33%	4.30%	5.17%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	244.0	243.8	243.8	243.6	242.1
14	Leverage ratio excluding claims on central banks (%)	5.2%	5.3%	5.3%	5.2%	5.3%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2%	5.3%	5.3%	5.2%	5.3%
14b	Leverage ratio including claims on central banks (%)	4.4%	4.4%	4.4%	4.3%	4.3%
14c	Average leverage ratio excluding claims on central banks (%)	5.3%	5.2%	5.2%	5.2%	5.5%
14d	Average leverage ratio including claims on central banks (%)	4.4%	4.3%	4.3%	4.3%	4.5%
14e	Countercyclical leverage ratio buffer (%)	0.3%	0.0%	0.0%	0.0%	0.0%
	Average Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	46,160	48,751	47,039	48,359	51,266
UK 16a	Cash outflows – Total weighted value	31,345	31,206	29,405	30,787	31,893
UK 16b	Cash inflows – Total weighted value	1,897	1,886	1,962	3,330	1,454
16	Total net cash outflows (adjusted value)	29,448	29,320	27,443	27,457	30,439
17	Liquidity coverage ratio (%)	156.75%	166.28%	171.40%	176,12%	168.42%
	Net Stable Funding Ratio					
18	Total available stable funding	233,408	234,204	235,019	232,598	232,469
19	Total required stable funding	170,615	177,128	176,535	173,738	171,059
20	NSFR ratio (%)	136.80%	132.22%	133.13%	133.88%	135.90%

Key Movements

The CET1 capital ratio decreased 70bps to 15.4% in the year. This was largely due to regulatory changes that took effect on 1 January 2022 and £ 1bn of dividend paid, £300m of which was a special dividend (2021: £1.3bn). These were paid following review and approval by the Santander UK Board in line with our dividend policy. The regulatory changes included the reintroduction of the full CET1 software asset deduction, and implementation of new definition of default regulatory guidance. The impact of increased RWAs and the special dividend were partially offset by post dividend retained earnings. We remain strongly capitalised with significant headroom to minimum requirements.

.IFRS 9 Transitional Arrangements (IFRS9 – FL)

The following table summarises the impact of IFRS 9 transitional arrangements at 31 December 2022 over the full allowable period:

		2022	2023	2024
	IFRS9 Transitional Factor	25%		
	IFRS9 Transitional Factor for credit loss-based provision movements post 1/1/20	75%	50%	25%
	Available Capital (amounts)			
1	Common Equity Tier 1 (CET1) capital	10,799	10,790	10,785
	CET1 Capital as if IFRS 9 STATIC transitional arrangements were not applied	10,795	10,790	10,785
	CET1 Capital as if IFRS 9 DYNAMIC transitional arrangements were not applied	10,784	10,780	10,780
2	CET1 Capital as if ALL IFRS 9 transitional arrangements were not applied	10,780	10,780	10,780
3	Tier 1 Capital	12,755	12,746	12,741
4	Tier 1 Capital as if ALL IFRS 9 transitional arrangements were not applied	12,736	12,736	12,736
5	Total Capital	14,303	14,294	14,289
6	Total Capital as if ALL IFRS 9 transitional arrangements were not applied	14,284	14,284	14,284
	Risk-weighted assets (amounts)			
7	Total risk-weighted assets (RWA)	70,089	70,065	70,044
	Total RWA as if IFRS 9 STATIC transitional arrangements were not applied	70,117	70,065	70,044
	Total RWA as if IFRS 9 DYNAMIC transitional arrangements were not applied	69,994	70,022	70,022
8	Total RWA as if ALL IFRS 9 transitional arrangements were not applied	70,022	70,022	70,022
	Capital Ratios			
9	Common Equity Tier 1 ratio	15.41%	15.40%	15.40%
10	Common Equity Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	15.40%	15.40%	15.40%
11	Tier 1 ratio	18.20%	18.19%	18.19%
12	Tier 1 as if ALL IFRS 9 transitional arrangements were not applied	18.19%	18.19%	18.19%
13	Total capital ratio	20.41%	20.40%	20.40%
14	Total Capital as if ALL IFRS 9 transitional arrangements were not applied	20.40%	20.40%	20.40%
	UK leverage ratio including claims on central banks			
15	Leverage Ratio Total Exposure Measure	290,785	290,785	290,785
16	Leverage Ratio	4.4%	4.4%	4.4%
17	Leverage ratio as if ALL IFRS 9 transitional arrangements were not applied	4.4%	4.4%	4.4%

The RFB group is applying the IFRS 9 capital transitional arrangements set out in the onshored versions of EU Regulation 2017/2395 and EU Regulation 2020/873 that amend the Capital Requirements Regulation. Under the transitional arrangements, the RFB group is entitled to mitigate the effect to capital of ECL-based provisioning following the implementation of IFRS 9. The extended transitional arrangements last for a five-year period ending on 31st December 2024 with the amount of capital relief available reduced each year by the transitional factor, with an extended transitional period used for capital relief against provision movements from 1 January 2020. The transitional factor is 25 percent in 2022, and for post 1 January 2020 provision movements are 75 percent in 2022, 50 percent in 2023 and 25 percent in 2024.

The capital relief affects both the capital base and RWAs reported by RFB group. The adjustment to CET1 capital is comprised of a static element and a dynamic element. The static element is based on the CET1 capital impact of the change in provision levels upon implementation of IFRS 9 (on 1st January 2018). The capital adjustments from this static element will only change over the five-year transition period due to the phased reduction of the transitional factor. The dynamic element is based on the capital impact of the change in provision levels for non-credit impaired exposures from the first day of the implementation of IFRS 9. The dynamic element will change over the transition period and is also subject to progressive reduction over the five-year transitional period and the extended period for provision movements post 1 January 2020 due to the transitional factor. In addition to this adjustment, the transitional arrangements also reduce associated capital position impacts for exposures modelled under the Standardised Approach for Credit Risk, deferred tax assets created upon adoption of IFRS 9 ECL-based provisioning and Tier 2 capital from an excess of provisions over expected losses for exposures modelled using the Internal Rating Based approach.

UK LRA: Disclosure of LR qualitative information

Description of the processes used to manage the risk of excessive leverage The leverage ratio for the RFB group is monitored and reported to Capital Committee and other governance bodies, and is included in the RFB's Risk Appetite framework. The current level of the leverage ratio and also forecast levels of the leverage ratio under a range of macroeconomic scenario, including stress scenarios, are considered. Under the Risk Appetite framework, limits and alert levels for the leverage ratio have been set to ensure that leverage is maintained at acceptable levels and in excess of minimum regulatory requirements.
Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio r efers The Leverage ratio for the RFB group has decreased from Sep22 5.3% to Dec22 5.2%, as a result of Tier 1 Capital movements -£206m, includes dividends paid £625m, less verified profits £451.

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		31 December 2022 £m
1	Total assets as per published financial statements	285,213
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	1,294
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for exemption of exposures to central banks)	(46,754)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(1,293)
9	Adjustment for securities financing transactions (SFTs)	371
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,967
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	-
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	(1,767)
13	**Total exposure measure**	244,031

UK LR2 - LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		31 December 2022 £m	30 June 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	230,922	229,042
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(4,225)	(3,122)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(2,690)	(3,417)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**224,007**	**222,503**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	4,484	3,523
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	854	902
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**5,339**	**4,425**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	8,826	9,489
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,478)	(696)
16	Counterparty credit risk exposure for SFT assets	371	336
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	-
18	**Total securities financing transaction exposures**	**7,719**	**9,129**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	31,836	37,654
20	(Adjustments for conversion to credit equivalent amounts)	(24,869)	(29,935)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**6,967**	**7,719**
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital (leverage)**	12,756	12,865
24	Total exposure measure including claims on central banks	290,785	290,213
UK-24a	(-) Claims on central banks excluded	(46,754)	(46,437)
UK-24b	**Total exposure measure excluding claims on central banks**	**244,031**	**243,776**
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.2%	5.3%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2%	5.3%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	5.2%	5.3%
UK-25c	Leverage ratio including claims on central banks (%)	4.4%	4.4%
26	Regulatory minimum leverage ratio requirement (%)	3.3%	3.3%
Additional leverage ratio disclosure requirements - leverage ratio buffers			

		31 December 2022 £m	30 September 2022 £m
27	Leverage ratio buffer (%)	0.65%	0.35%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.35%	0.35%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.30%	0.00%
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	8,178	9,736
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	7,943	9,668
UK-31	Average total exposure measure including claims on central banks	295,271	292,885
UK-32	Average total exposure measure excluding claims on central banks	245,218	243,527
UK-33	Average leverage ratio including claims on central banks	4.4%	4.3%
UK-34	Average leverage ratio excluding claims on central banks	5.3%	5.2%

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures 31 December 2022 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	230,922
UK-2	Trading book exposures	-
UK-3	Banking book exposures, of which:	230,922
UK-4	Covered bonds	1,437
UK-5	Exposures treated as sovereigns	3,625
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,052
UK-7	Institutions	497
UK-8	Secured by mortgages of immovable properties	182,110
UK-9	Retail exposures	10,076
UK-10	Corporates	19,750
UK-11	Exposures in default	3,139
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	9,236

Table UK LIQA - Liquidity risk management

in accordance with Article 451a(4) CRR

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,

As a financial services provider, managing risk is a core part of our day-to-day activities. To be able to manage our business effectively, it is critical that we understand and control risk in everything we do. We aim to use a prudent approach and advanced risk management techniques to help us deliver robust financial performance, withstand stresses, such as the impacts of the pandemic, and build sustainable value for our stakeholders. We aim to keep a predictable medium-low risk profile, consistent with our business model.

Through our LRA framework, we manage our funding or structural contingent and market liquidity risks wherever they arise. This can be in retail and corporate deposit outflows, wholesale secured and unsecured liquidity outflows and off-balance sheet activities. Other risks our framework covers include funding concentrations, intra-day cash flows, intra-group commitments and support, franchise retention and cross currency risk.

Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet qualitative and quantitative regulatory requirements. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe.

Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).

We are committed to the highest standards of corporate governance in every part of our business, including risk management. For details of our governance, including the Board and its Committees, see the 'Governance' section of the Annual Report. The Board delegates certain responsibilities to Board Level Committees as needed and where appropriate. Our risk governance structure strengthens our ability to identify, assess, manage and report risks, as follows:

– Committees: A number of Board and Executive committees are responsible for specific parts of our Risk Framework

– Key senior management roles: A number of senior roles have specific responsibilities for risk management

– Risk organisational structure: We have the 'three lines of defence' model built into the way we run our business

When our Board sets our strategic objectives, it is important that we are clear about the risks we are prepared to take to achieve them. We express this through our Risk Appetite Statement, which defines the amount and kind of risk we are willing to take. Our Risk Appetite and strategy are closely linked, and our strategy must be achievable within the limits set out in our Risk Appetite.

A description of the degree of centralisation of liquidity management and interaction between the group's units

We manage liquidity risk on a consolidated basis in our CFO division, which is our centralised function for managing funding, liquidity and capital. We created our governance, oversight and control frameworks, and our LRA, on the same consolidated basis.

We monitor and manage liquidity risk for the Santander UK plc group and SFS separately. Under this model, and the PRA's liquidity rules, Santander UK plc and its subsidiary Cater Allen Limited form the RFB Domestic Liquidity Sub-group (the RFB DoLSub), which allows the entities to collectively meet regulatory requirements for the purpose of managing liquidity risk. Each member of the RFB DoLSub will support the other by transferring surplus liquidity in times of stress.

Scope and nature of liquidity risk reporting and measurement systems.

We use a number of metrics to manage liquidity risk. These include metrics that show the difference between cash and collateral inflows and outflows in different periods. They also include structural metrics, such as our level of encumbered assets.

We monitor liquidity risk daily, weekly and monthly. We do this through different committees and levels of management, including ALCO and the Board Risk Committee

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Board aims to make our balance sheet resilient at all times and for it to be perceived as such by stakeholders. This preserves our short and long-term viability.

The Board recognises that as we are involved in maturity transformation, we cannot hold enough liquidity to cover all possible stress scenarios. The Board requires us to hold enough liquidity to make sure we will survive three plausible but severe stress scenarios (our LRA stress). We do this by maintaining a prudent balance sheet structure and approved liquid resources

An outline of the bank`s contingency funding plans.

The Liquidity Contingency Plan (LCP) is encompassed within the Recovery Plan, this includes early warning indicators which are used to identify an emerging liquidity or funding stress as well as a range of actions that could be taken immediately in response to the stress.

We review and refresh our recovery plan each year. It sets out the risks, the indicators we use to monitor these risks, and the actions that are available to mitigate a capital, liquidity or combined stress event. We are confident that we have sufficient credible and executable options to respond to a wide variety of stresses, be they market-wide or idiosyncratic, in a timely and effective manner. Recovery indicators are both qualitative and quantitative and are embedded into risk frameworks. We monitor recovery capacity, headroom to recovery triggers and recovery indicators regularly. If necessary, we would invoke recovery early to mitigate the effects of a stress and restore our financial position and balance sheet strength.
An explanation of how stress testing is used. Stress testing helps us understand how different events and economic conditions could affect our business plan, earnings and risk profile. This helps us plan and manage our business To see how we might cope with difficult conditions, we regularly develop challenging scenarios that we might face. We consult a broad range of internal stakeholders, including Board members, when we design and choose our most important scenarios. The scenarios cover a wide range of outcomes, risk factors, time horizons and market conditions. They are designed to test: – The impact of shocks affecting the economy as a whole or the markets we operate in – Key potential vulnerabilities of our business model, and the processes and systems which support it – Potential impacts on specific risk types. We have a liquidity stress testing framework in place which is central to our LRA measurement and monitoring. It includes three severe but plausible stress test scenarios. To fit with our risk appetite, the liquidity outflows that come from these stress tests must be fully covered with high-quality liquid assets, other liquid assets and management actions sanctioned at the right level of governance. A funding plan disruption stress scenario also forms part of our LRA monitoring. Our Risk division runs a range of stress tests. Our LRA stress test is a combination of three tests that cover idiosyncratic, market-wide and combined scenarios. Our other tests consider scenarios such as a global economic slowdown that results in reduced confidence in the banking industry, a slowdown in one of the major economies or a deterioration in the availability of liquidity. These are considered on both an acute and protracted basis. We also run severe combined stress tests which look at both a deep and prolonged UK recession that results in a reduction in wholesale funding availability and a simultaneous idiosyncratic shock that would lead to retail and commercial outflows. We run a pandemic stress, in which no UK government support is assumed and like the combined stress includes a reduction in wholesale funding and retail and corporate outflows. We also conduct sensitivity analysis and reverse stress testing for instant liquidity shocks by each key liquidity risk. We do this to understand the impacts they would have on our LRA and our regulatory liquidity metrics.
A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy. Our LRA statement is based on the principles of liquidity management we use to manage our balance sheet. It also supports our need to meet or exceed the rules of our regulators. In line with our liquidity management principles, we avoid an over-reliance on funding from a single product, customer or counterparty. We also maintain enough unencumbered customer assets to support current and future funding and collateral requirements and maintain enough capacity to monetise liquid assets and other counterbalancing capacity within an appropriate timeframe. Our LRA is proposed to the Risk division and the Board, which is then approved under advice from the Board Risk Committee. Our LRA, in the context of our overall Risk Appetite, is reviewed and approved by the Board each year, or more often if needed.
A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the UK LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. Our short-term activities focus on intra-day collateral; management and maintaining liquid assets to cover unexpected demands on cash in a stress scenario, such as large and unexpected deposit withdrawals by customers and loss of wholesale funding. Our strategic activities focus on ensuring we are not over reliant on any one source for funding and that we avoid excessive concentrations in the maturity of our funding. We regularly test the liquidity of our eligible liquidity pool, in line with PRA and Basel rules. We do this by realising some of the assets through repurchase or outright sale to the market. We make sure that over any 12-month period we realise a significant part of our eligible liquidity pool. As well as our eligible liquidity pool, we always hold a portfolio of unencumbered liquid assets. Our LRA and PRA requirements determine the size and composition of this portfolio. These assets give us a source of contingent liquidity, as we can realise some of them in a time of stress to create liquidity through repurchase or outright sale to the market.

Liquidity Coverage Ratio (LIQ1)

The values presented below are the simple average of the preceding monthly periods ending on the reporting date as specified in the table:

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m	31 March 2022 £m
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					48,243	49,265	48,955	48,706
	CASH-OUTFLOWS								
2	**Retail deposits and deposits from small business customers, of which:**	**149,428**	**148,523**	**149,153**	**149,460**	**9,159**	**9,064**	**9,062**	**9,034**
3	Stable deposits	124,849	124,761	125,775	126,630	6,243	6,238	6,289	6,331
4	Less stable deposits	24,579	23,762	23,378	22,830	2,916	2,826	2,773	2,703
5	**Unsecured wholesale funding**	**25,617**	**25,705**	**26,339**	**27,167**	**13,171**	**13,300**	13,816	**14,561**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,099	1,955	1,566	1,015	397	370	297	192
7	Non-operational deposits (all counterparties)	21,999	22,152	23,097	24,268	11,255	11,332	11,843	12,485
8	Unsecured debt	1,519	1,598	1,676	1,884	1,519	1,598	1,676	1,884
9	**Secured wholesale funding**					**100**	**111**	**131**	**144**
10	**Additional requirements**	**12,985**	**12,664**	**13,243**	**14,545**	**5,827**	**5,546**	**5,796**	**6,273**
11	Outflows related to derivative exposures and other collateral requirements	4,706	4,606	4,650	4,956	4,706	4,606	4,650	4,957
12	Outflows related to loss of funding on debt products	185	103	241	258	185	103	241	257
13	Credit and liquidity facilities	8,094	7955	8,352	9,331	936	837	905	1,059
14	**Other contractual funding obligations**	**252**	**187**	**228**	**175**	**215**	**139**	**179**	**115**
15	**Other contingent funding obligations**	**28,063**	**29,387**	**29,178**	**28,607**	**2,280**	**2,569**	**2,565**	**2,481**
16	**TOTAL CASH OUTFLOWS**					**30,752**	**30,729**	**31,549**	**32,608**
	CASH-INFLOWS								
17	Secured lending (e.g reverse repos)	3,357	3,112	4,208	5,423	3	7	13	12
18	Inflows from fully performing exposures	2,302	2,168	2,156	1,955	1,479	1,357	1,340	1,220
19	Other cash inflows	2,366	2,274	2,170	1,889	842	811	777	574
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)						-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)						-	-	-
20	**TOTAL CASH INFLOWS**	**8,025**	**7,554**	**8,534**	**9,267**	**2,324**	**2,175**	**2,130**	**1,806**
UK-20a	Fully exempt inflows								
UK-20b	Inflows Subject to 90% Cap								
UK-20c	Inflows Subject to 75% Cap	8,025	7,554	8,534	9,267	2,324	2,175	2,130	1,806
	TOTAL ADJUSTED VALUE								
UK-21	LIQUIDITY BUFFER					48,243	49,265	48,955	48,706
22	TOTAL NET CASH OUTFLOWS					28,428	28,554	29,419	30,802
23	**LIQUIDITY COVERAGE RATIO**					**169.7**	**172.53**	**166.41**	**158,13%**

Qualitative information on LCR (LIQB)

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time The LCR requirement (weighted) is broadly consistent over time, driven mainly by deposits. Corporate deposits contribute a greater requirement despite Retail deposits being significantly larger in number, as a result of the standardised LCR weightings. The HQLA was also broadly static as a result of deposit growth offseting TFSME repayments. The LCR maintains a significant surplus to both internal and regulatory requirements.
Explanations on the changes in the LCR over time The Q4 average LCR of 169.7% reflects our strong liquidity position
Explanations on the actual concentration of funding sources Santander UK is largely funded through Customer Deposits, with the significant proportion being Retail. Additionally we raise Wholesale Funding including both secured and unsecured term funding, and utilise TFSME funding.
High-level description of the composition of the institution`s liquidity buffer. The liquidity buffer is largely compromised (>95%) of Level 1 assets, primarily cash held in our Bank of England Reserve Account.
Derivative exposures and potential collateral calls The main drivers of derivative exposures / potential collateral calls are the Historic Look Back Approach (HLBA) to calculating collateral requirements in the LCR and collateral outflows due to counterparties in the event of a deterioration of our own credit quality. As secured issuance volumes have been reduced as a result of our participation in the TFSME, this has in turn reduced these amounts.
Currency mismatch in the LCR We have no material mismatch in our currency LCRs, with most of the funding raised in currency swapped back to GBP and the remainder being used to fund structural currency assets.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile n/a

Template UK LIQ2: Net Stable Funding Ratio

In accordance with Article 451a(3) CRR
The table below represents the breakdown of the key component for the December 2022 RFB Group's NSFR ratio

		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	-	-	-	**17,742**	**17,742**
2	*Own funds*	-	-	-	17,742	17,742
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**155,042**	**861**	**961**	**147,660**
5	*Stable deposits*		127,140	580	635	121,969
6	*Less stable deposits*		27,902	281	326	25,691
7	Wholesale funding:		**46,420**	**4,187**	**29,184**	**43,423**
8	*Operational deposits*		-	-	-	
9	*Other wholesale funding*		46,420	4,187	29,184	43,423
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	**283**	**8,627**	**1,041**	**24,062**	**24,582**
12	*NSFR derivative liabilities*	283				
13	*All other liabilities and capital instruments not included in the above categories*		8,627	1,041	24,062	24,582
14	**Total available stable funding (ASF)**					**233,407**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**244**
UK-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		**20,774**	**4,106**	**390,212**	**162,617**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		8,214	309	-	154
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,799	2,262	202,161	156,766
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		2,505	1,495	190,975	144,727
22	*Performing residential mortgages, of which:*		166	422	183,507	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		166	422	183,507	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		5,595	1,113	4,544	5,697
25	Interdependent assets		-	-	-	-
26	Other assets:	-	**2,105**	**64**	**5,135**	**6,240**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	210
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		380	-	-	19
31	*All other assets not included in the above categories*		1,725	64	5,135	6,011
32	Off-balance sheet items		**25,111**	**117**	**5,039**	**1,513**
33	**Total RSF**					**170,614**
34	**Net Stable Funding Ratio (%)**					136.80%

RWA and Capital Requirements

Table UK OVC - ICAAP information

Article 438(a) CRR **Approach to assessing the adequacy of the internal capital** Each year we complete our Internal Capital Adequacy Assessment Process (ICAAP), which is fully documented and shared with the PRA. The purpose of the ICAAP is to: 1. Identify the major sources of risk to which we are exposed which could affect our ability to meet our liabilities as they fall due. 2. Assess the amounts, types, and distribution of our capital resources. 3. Perform stressed scenario tests and sensitivity analysis to confirm that our capital is adequate even in a severe adverse economic environment. 4. Ensure that the processes, strategies, and systems used are comprehensive and fit-for-purpose. This ICAAP demonstrates that the minimum levels of all capital and leverage ratios, as articulated in the Board's Risk Appetite Statement, were exceeded at the reporting date and are forecast to be exceeded over the forecasting horizon under all scenarios, except (by design) under the Reverse Stress Test (RST). The PRA then tells us how much capital (Pillar 2A), and of what quality, it thinks we should hold in addition to the Pillar 1 requirements and buffer levels. We augment our regulatory minimum capital with internal buffers. We hold buffers to ensure we have enough time to take action against unexpected movements.
Article 438(c) CRR **Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process** Santander UK's latest TCR was received in November 2022. The Pillar 2A amount at 31 December 2022 for San UK RFB Group was £4.0bn or 5.7% of RWA, of which at least £2.2bn or 3.2% of RWA must be met by CET1 capital.

Overview of risk weighted exposure amounts (OV1)

The following table details RWA and equivalent Own Funds Requirements. Own Funds Requirements are calculated as RWA multiplied by 8%:

		Risk Weighted Exposure Amounts (RWAs)		Total Own Funds Requirements
		31 December 2022 £bn	30 September 2022 £bn	31 December 2022 £bn[1]
1	Credit risk (excluding CCR) [1]	61.7	62.4	4.9
2	Of which the standardised approach	17.8	17.8	1.4
3	Of which the foundation IRB (FIRB) approach	1.9	5.1	0.2
4	Of which slotting approach	3		0.2
UK 4a	Of which equities under the simple risk weighted approach			
5	Of which the advanced IRB (AIRB) approach	39.0	39.5	3.1
6	Counterparty credit risk - CCR [1]	0.4	0.5	
7	Of which the standardised approach	0.2	0.3	
8	Of which internal model method (IMM)	0.2	0.2	
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	0.2	0.2	
9	Of which other CCR			
15	Settlement risk		-	
16	Securitisation exposures in the non-trading book (after the cap) [2]	0.4	0.2	
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	0.3	0.2	
19	Of which SEC-SA approach	0.1		
UK 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk) [1]	0.3	0.3	
21	Of which the standardised approach	0.3	0.3	
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk [1]	7.1	6.7	0.7
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	7.1	6.7	0.7
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
29	Total[1]	70.1	70.3	5.6

[1] Balances which are not visible due to rounding have been included in the total.
[2] Includes 4 Significant Risk Transfer transactions which are subject to re-characterisation risk.

RWA flow statements of credit risk exposures under the IRB approach and RWA flow statements of credit risk exposures under the standardised approach (CR8) [1]

RWA flow statements of credit risk exposures under IRB approach

		RWA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September	44.8	3.6
2	Asset size	(1.0)	(0.1)
3	Asset quality	0.2	-
4	Model updates	0.1	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	Risk weighted exposure amount as at 31 December	44.1	3.5

RWA flow statements of credit risk exposures under standardised approach

		RWA £bn	Capital requirements
1	Risk weighted exposure amount as at 30 September	18.3	1.5
2	Asset size	(0.3)	-
3	Asset quality	-	-
4	Model updates	0.4	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	Risk weighted exposure amount as at 31 December	18.4	1.5

RWA decrease of £1.0bn in the asset size section of IRB table is primarily driven by the decrease in retail mortgage portfolio. Model updates in the standardised approach table relate to Social Housing PD recalibration awaiting PRA approval, an article 146 add-on has been held within the Standardised other in line 8.

1 Table excludes CVA.

Table UK CRC – Qualitative disclosure requirements related to CRM techniques

<table>
<tr><td>Article 453 (a) CRR</td><td>A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting;

Offsetting financial assets and liabilities
Financial assets and liabilities including derivatives are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Santander UK group is party to a number of arrangements, including master netting arrangements under industry standard agreements which facilitate netting of transactions in jurisdictions where netting agreements are recognised and have legal force. The netting arrangements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis.</td></tr>
<tr><td>Article 453 (b) CRR</td><td>The core features of policies and processes for eligible collateral evaluation and management eligible collat eral evaluation and management;

Retail Banking

Credit risk mitigation
The types of credit risk mitigation, including collateral, across each of our portfolios are:

Residential mortgages Collateral is in the form of a first legal charge over the property. Before we grant a mortgage, the property is valued either by a surveyor or using automated valuation methodologies where our confidence in the accuracy of this method is high.
Unsecured lending There is no collateral or security tied to the loan that can be used to mitigate any potential loss if the customer does not pay us back.
Business banking services Business banking lending is unsecured. When lending to incorporated businesses, we typically obtain personal guarantees from each director but we do not treat these as collateral.

Consumer Finance

Credit risk mitigation
The type of credit risk mitigation, including collateral, is:

Consumer (auto) finance Collateral is in the form of legal ownership of the vehicle for most loans, with the customer being the registered keeper. Only a very small proportion of business is underwritten as a personal loan. In these cases, there is no collateral or security tied to the loan. We use a leading vehicle valuation company to assess the LTV at the proposal stage to ensure the value of the vehicle is appropriate

Corporate & Commercial Banking

Credit risk mitigation
The types of credit risk mitigation, including collateral, across each of our port folios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs.

SME and mid corporate Includes secured and unsecured lending. We can take mortgage debentures or a first charge on commercial property as collateral. Before agreeing the loan, we get an independent professional valuation of the property. Loan agreements typically allow us to obtain revaluations during the term of the loan. We can also take guarantees, but we do not treat them as collateral unless they are supported by a tangible asset charged to us. We also lend against assets (like vehicles and equipment) and invoices for some customers. We value assets before we lend. For invoices, we review the customers' ledgers regularly and lend against debtors who meet agreed criteria. We consider the UK Government guarantee supporting losses on amounts lent under its Coronavirus Loan Schemes as collateral.
Commercial Real Estate We take a first charge on commercial property as collateral. The loan is subject to criteria such as the property condition, age and location, tenant quality, lease terms and length, and the sponsor's experience and creditworthiness. Before agreeing the loan, we visit the property and get an independent professional valuation. Loan agreements typically allow us to obtain revaluations during the term of the loan.
Social Housing We take a first charge on portfolios of residential real estate owned and let by UK Housing Associations as collateral, in most cases. We revalue this every three to five years (in line with industry practice), using the standard methods for property used for Social Housing.

Corporate Centre

Credit risk mitigation</td></tr>
</table>

	The types of credit risk mitigation, including collateral, across each of our portfolios are as follows. In addition, from time to time at a portfolio level we execute significant risk transfer transactions, which typically reduce RWAs. **Sovereign and Supranational** In line with market practice, there is no collateral against these assets. **Structured Products** These are our High Quality Liquid Assets (HQLA) and Legacy Treasury asset portfolios. They are mainly ABS and covered bonds, which hold senior positions in the creditor hierarchy. Their credit rating reflects over-collateralisation in the structure and the assets that underpin their cash flows. **Financial Institutions** We use standard legal agreements to reduce credit risk via netting and collateralisation on derivatives, repos and reverse repos, and stock borrowing/lending. We also reduce risk by clearing trades through central counterparties (CCPs) where possible. **Legacy Portfolios in run off** We often take a first charge over the underlying asset or cash. We get independent valuations on fixed charge security in line with industry guidelines. **Crown Dependencies** We manage the risk on this portfolio in the same way as for mortgages in Retail Banking.
Article 453 (c) CRR	A description of the main types of collateral taken by the institution to mitigate credit risk; Covered by Article 453 (b) CRR section above.
Article 453 (d) CRR	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures; Credit protection entities Santander UK has established four (2021: three) unconsolidated credit protection entities, which are Designated Activity Companies limited by shares, incorporated in Ireland. Each entity has issued a series of credit linked notes varying in senio rity which reference portfolios of Santander UK group loans. Concurrently, these entities sell credit protection to Santander UK in respect of the referenced loans and, in return for a fee, are liable to make protection payments to Santander UK upon the occurrence of a credit event in relation to any of the referenced loans. Senior credit linked notes, which amounted to £180m (2021: £1,184m), are issued to, and held by, Santander UK. Junior credit linked notes, which amounted to £465m (2021: £619m), are all held by third party investors and suffer the first losses incurred in the referenced portfolios. Funds raised by the sale of the credit linked notes are deposited with Santander UK as collateral for the credit protection. The senior credit linked notes, along with the deposits and associated guarantees, are presented on a ne t basis, to reflect a legal right of set-off between the principal amounts of senior notes and the cash deposits. Deposits and associated guarantees in respect of the junior credit linked notes are included in 'Deposits by customers' (see Note 23). The entities are not consolidated by Santander UK because the third-party investors have the exposure, or rights, to all of the variability of returns from the performance of the entities. No assets are transferred to, or income received from, these entities. Sin ce the credit linked notes (including those held by Santander UK) are fully cash collateralised, Santander UK's maximum exposure to loss is equal to any unamortised fees paid to the entities in connection with the credit protection outlined above.
Article 453 (e) CRR	Information about market or credit risk concentrations within the credit mitigation taken; **Monitoring** We measure and monitor changes in our credit risk profile on a regular and systematic basis against our budgets, limits and benchmarks. **Credit concentrations** A core part of our monitoring and management is a focus on credit concentrations, such as the proportion of our lending that goes to specific borrowers, groups or industries. We set and monitor concentration limits in line with our Risk Appetite and review them on a regular basis. – Geographical concentrations: We set exposure limits to countries and geographies, with reference to the country limits set by Banco Santander and our own Risk Appetite. For more geographical information, see 'Country risk exposures'. – Industry concentrations: We also set exposure limits by industry sector. We set these limits based on the industry outlook, o ur strategic aims and desired level of concentration, and relevant limits set by Banco Santander. We analyse committed exposures in the 'Credit risk review' section of the Annual Report and Accounts.

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CR3)

For more details on the Company's approach to Credit Risk Mitigation refer to the Other Segments – Credit Risk Review section of the Company's 2022 Annual Report.

The following table provides analysis of secured and collateralised exposures at 31 December 2022:

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m	31-Dec 2022 £m
1	Loans and advances	9,506	226,086	222,851	3,235	-
2	Debt securities	4,715	1,474	1,474	-	
3	Total	14,221	227,560	224,325	3,235	-
4	*Of which non-performing exposures*	797	2,342	-	-	-
5	*Of which defaulted*	797	2,342			

Credit risk exposure and credit risk mitigation (CRM) effects (CR4)

Standardised approach

		Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
		31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 %
1	Central governments or central banks	47.8	-	50.9	0.1	-	-
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	0.1	-	-	-	20%
4	Multilateral Development Banks	1.0	-	1.0	-	-	-
5	International Organisations	-	-	-	-	-	-
6	Institutions	0.8	-	0.8	-	0.1	18%
7	Corporates	8.5	3.2	6.2	0.2	5.7	91%
8	Retail	10.1	21.0	9.6	-	7.1	74%
9	Secured by mortgages on immovable property	0.1	-	0.1	-	0.1	66%
10	Exposures in default	0.4	0.1	0.2	-	0.3	123%
11	Exposures associated with particularly high risk	-	0.1	-	-	-	150%
12	Covered bonds	1.4	-	1.4	-	0.2	15%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	7.1	-	7.1	-	4.4	62%
	Securitisations	-	-	-	-	-	-
	Contributions to the default fund of a CCP	-	-	-	-	-	1250%
17	**Total**	77.2	24.4	77.4	0.3	18.0	23%

IRB approach

	Exposures before CCF and CRM		Exposure post-CCF and CRM		RWAs and RWAs density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density (%)
	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 £bn	31 December 2022 %
Corporates – Specialised Lending	4.9	0.5	4.9	0.2	3.4	68%
Corporates – SME	0.5	0.2	0.5	0	0.5	88%
Corporates – Other	6.5	5.9	6.5	3.8	4.0	39%
Institutions	1.1	0	1.1	0	0.2	17%
Retail Immovable Property	184.6	8.0	185.1	4.5	32.5	17%
Retail QRR	0.5	4.1	0.5	5.1	1.8	32%
Retail Other	2.1	0	2.1	0	1.7	85%
Equity	0	0	0	0	0	370%
Securitisations	0	0.2	0	0.2	0	15%
Total	200.2	18.9	200.7	13.8	44.1	21%

Template UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
			Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)		
		£bn												£bn	£bn
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	1.2	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
3	Corporates	9.9	-	80.21%	80.21%	-	-	-	-	-	-	6.19%	-	3.1	3.1
3.1	*Of which Corporates – SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	*Of which Corporates – Specialised lending*	0.6	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4
3.3	*Of which Corporates – Other*	9.3	-	85.50%	85.50%	-	-	-	-	-	-	6.60%	-	2.6	2.6
4	Retail	197.2	-	96.13%	96.13%	-	-	-	-	-	-	-	-	36.0	36.0
4.1	*Of which Retail – Immovable property SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	*Of which Retail – Immovable property non-SMEs*	189.6	-	100.00%	100.00%	-	-	-	-	-	-	-	-	32.5	32.5
4.3	*Of which Retail – Qualifying revolving*	5.7	-	-	-	-	-	-	-	-	-	-	-	1.8	1.8
4.4	*Of which Retail – Other SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	*Of which Retail – Other non-SMEs*	2.0	-	-	-	-	-	-	-	-	-	-	-	1.7	1.7
5	Total	208.2	-	94.84%	94.84%	-	-	-	-	-	-	0.29%	-	39.2	39.2

F-IRB		Total exposures	Credit risk Mitigation techniques												Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)										Unfunded credit Protection (UFCP)		RWEA post all CRM assigned to the obligor exposure class £bn	RWEA with substitution effects £bn
		£bn	Part of exposures covered by **Financial Collaterals** (%)	Part of exposures covered by **Other eligible collaterals** (%)	Part of exposures covered by **Immovable property Collaterals** (%)	Part of exposures covered by **Receivables** (%)	Part of exposures covered by **Other physical collateral** (%)	Part of exposures covered by **Other funded credit protection** (%)	Part of exposures covered by **Cash on deposit** (%)	Part of exposures covered by **Life insurance policies** (%)	Part of exposures covered by **Instruments held by a third party** (%)	Part of exposures covered by **Guarantees** (%)	Part of exposures covered by **Credit Derivatives** (%)			
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
3	Corporates	6.3	-	6.42%	6.42%	-	-	0.02%	0.02%	-	-	3.34%	-		4.9	4.9
3.1	*Of which Corporates – SMEs*	0.7	-	30.55%	30.55%	-	-	0.09%	0.09%	-	-	15.75%	-		0.5	0.5
3.2	*Of which Corporates – Specialised lending*	4.5	-	-	-	-	-	-	-	-	-	0.37%	-		3.0	3.0
3.3	*Of which Corporates – Other*	1.2	-	17.42%	17.42%	-	-	0.06%	0.06%	-	-	7.73%	-		1.3	1.3
4	Total	6.3	-	6.42%	6.42%	-	-	0.02%	0.02%	-	-	3.34%	-		4.9	4.9

Specialised lending and equity exposures under the simple risk weighted approach (CR10)

The following tables outlines the level of exposure assigned to each Specialised Lending Category and maturity.

Template UK CR10.1

		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	28.5	19.1	50%	33.9	16.9	0
	Equal to or more than 2.5 years	179.6	37.1	70%	190.2	115.3	0.8
Category 2	Less than 2.5 years	96.1	134.4	70%	129.6	74	0.5
	Equal to or more than 2.5 years	176.7	199.1	90%	226.7	176.7	1.8
Category 3	Less than 2.5 years	-	0	115%	0	0	0
	Equal to or more than 2.5 years	32.4	0	115%	32.4	35.5	0.9
Category 4	Less than 2.5 years	-	0	250%	0	0	0
	Equal to or more than 2.5 years	-	0.7	250%	0.1	0.3	0
Category 5	Less than 2.5 years	-	0	-	0	0	0
	Equal to or more than 2.5 years	-	0	-	0	0	0
Total	Less than 2.5 years	**124.6**	**153.5**		**163.5**	**90.9**	**0.5**
	Equal to or more than 2.5 years	**388.7**	**236.9**		**449.4**	**327.8**	**3.5**

Template UK CR10.2

		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	767.2	33.5	50%	783.9	356.8	-
	Equal to or more than 2.5 years	853.7	33.0	70%	870.3	553.2	3.5
Category 2	Less than 2.5 years	1,248.2	18.5	70%	1,257.5	827.3	5.0
	Equal to or more than 2.5 years	1,400.0	42.8	90%	1,420.5	1,163.1	11.4
Category 3	Less than 2.5 years	34.0	-	115%	34.0	36.8	1.0
	Equal to or more than 2.5 years	33.2	-	115%	33.2	36.2	0.9
Category 4	Less than 2.5 years	6.7	-	250%	6.7	16.6	0.5
	Equal to or more than 2.5 years	14.9	-	250%	14.9	34.4	1.2
Category 5	Less than 2.5 years	10.3	-	-	10.3	-	5.2
	Equal to or more than 2.5 years	22.5	-	-	22.5	-	11.2
Total	Less than 2.5 years	**2,066.4**	**52.0**		**2,092.4**	**1,237.5**	**11.7**
	Equal to or more than 2.5 years	**2,324.3**	**75.8**		**2,361.4**	**1,786.9**	**28.2**

Template UK CR10.5

	Equity exposures under the simple risk-weighted approach					
Categories	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	0.2	-	370%	0.2	0.8	-
Total	**0.2**	**-**		**0.2**	**0.8**	**-**

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (CCyB1)

The following table outlines the geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer at 31 December 2022:

	General credit exposures		Relevant credit exposures – Market risk				Own funds requirement						
Country	Exposure value under the standardised approach £bn	Exposure value under the IRB approach £bn	Sum of long and short positions of trading book exposures for SA £bn	Value of trading book exposures for internal models £bn	Securitisation exposures Exposure value for non-trading book £bn	Total exposure value £bn	Relevant credit risk exposure-Credit Risk £bn	Relevant credit exposures– Market risk £bn	Relevant credit exposures-Securitisation positions in the non-trading book £bn	Total £bn	Risk-weighted exposure amounts £bn	Own funds requirements weights (%)	Countercyclical buffer rate (%)
United Kingdom	23.5	212.6	-	-	1.5	237.5	4.9	-	-	4.9	61.1	98.77%	1.00%
Isle of Man	-	-	-	-	-	0.1	-	-	-	-	0.1	0.11%	1.00%
Jersey	0.1	0.1	-	-	-	0.2	-	-	-	-	0.1	0.19%	1.00%
Guernsey	0.1	0.2	-	-	-	0.3	-	-	-	-	0.2	0.33%	1.00%
United States	0.0	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Spain	0.0	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Australia	0.1	-	-	-	-	0.1	-	-	-	-	-	0.03%	0.00%
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	0.06%	0.50%
Denmark	-	-	-	-	-	-	-	-	-	-	-	0.02%	2.00%
Canada	0.3	-	-	-	-	0.3	-	-	-	-	0.1	0.09%	
Netherlands	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.00%
Ireland	-	0.1	-	-	-	0.1	-	-	-	-	0.1	0.09%	0.00%
Norway	-	0.0	-	-	-	-	-	-	-	-	-	0.01%	2.00%
Sweden	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	1.00%
France	0.2	0.0	-	-	-	0.2	-	-	-	-	-	0.08%	0.00%
Belgium	0.1	0.0	-	-	-	0.1	-	-	-	-	-	0.02%	0.00%
Finland	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Austria	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	0.00%
British Virgin Islands	0.1	0.0	-	-	-	0.1	-	-	-	-	-	0.07%	
Czech Republic	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Germany	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Hong Kong	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Iceland	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	2.00%
Saudi Arabia	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Slovakia	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Other	-	0.0	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Total	24.5	213.0	0.0	0.0	1.5	239.0	4.9	-	-	4.9	61.7	100%	-

Exposure value of the relevant credit exposures is defined in accordance with Article 140(4) of Directive 2013/36/EU.

Amount of institution-specific countercyclical capital buffer (CCyB2)

The following table shows the amount of institution-specific countercyclical capital buffer:

	£bn
Total risk exposure amount	61.7
Institution specific countercyclical capital buffer rate	1.00%
Institution specific countercyclical capital buffer requirement	0.62

The level of the Countercyclical Capital Buffer for the Company at 31 December 2022 was 1%. The UK countercyclical capital buffer (CCyB) rate increased from 0% to 1% with effective from 13 December 2022.

CRB: Additional disclosure related to the credit quality of assets

The following tables outlines the credit risk exposure, the associated level of impaired and past due exposures levels and impairment levels (credit risk adjustments) at 31 December 2022 by class of exposure. Further information on impairment losses and provisions is outlined in Note 8 to the financial statements in the Company's 2022 Annual Report.

Definitions of past due and impaired and the approaches and methods adopted for specific credit risk are included in Note 1 to the financial statements in the Company's 2022 Annual Report.

Credit quality of forborne exposures (CQ1)

The following table provides an overview of the quality of forborne exposures at 31 December 2022.

Credit quality of loans and advances by industry

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balance at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	1,472	702	702	702	(38)	(129)	1,912	546
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit Institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-
060 Non-financial corporations	279	228	228	228	(18)	(74)	354	148
070 Households	1,193	474	474	474	(20)	(55)	1,558	398
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	-	-	-	-	-	-	-
100 Total	1,472	702	702	702	(38)	(129)	1,912	546

Credit quality of performing and non-performing exposures by past due days (CQ3)

The following table provides an overview of credit quality of non-performing exposures at 31 December 2022:

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	43,628	43,628	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	232,453	231,966	487	3,139	1,730	491	444	485	28	33	1	3,139
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	107	107	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,129	1,129	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	12,697	12,696	1	15	12	1	1	1	-	-	-	15
060	*Non-financial corporations*	18,298	18,189	109	659	385	119	111	18	22	3	1	659
070	*Of which SMEs*	9,121	9,032	89	544	311	105	95	18	12	3	-	544
080	*Households*	200,222	199,845	377	2,465	1,333	371	332	466	6	30	-	2,465
090	**Debt securities**	6,189	6,189	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3,328	3,328	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,645	2,645	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	210	210	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	6	6	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	31,740			99								99
160	Central banks	-			-								-
170	General governments	-			-								-
180	Credit institutions	422			-								-
190	Other financial corporations	760			-								-
200	Non-financial corporations	9,155			40								40
210	Households	21,403			59								59
220	**Total**	**314,010**	**281,783**	**487**	**3,238**	**1,730**	**491**	**444**	**485**	**28**	**33**	**1**	**3,238**

Credit quality of loans and advances to non-financial corporations by industry (CQ5)

Breakdown of exposures by industry class and Credit Quality:

	At 31 December 2022	Gross carrying amount					
			Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	126	21	21	126	(7)	-
020	Mining and quarrying	64	2	2	64	(2)	-
030	Manufacturing	764	41	41	764	(31)	-
040	Electricity, gas, steam and air conditioning supply	268	-	-	268	-	-
050	Water supply	97	1	1	97	(1)	-
060	Construction	1,073	48	48	1,073	(16)	-
070	Wholesale and retail trade	1,980	102	102	1,980	(66)	-
080	Transport and storage	260	15	15	260	(5)	-
090	Accommodation and food service activities	1,354	100	100	1,354	(57)	-
100	Information and communication	397	32	32	393	(11)	-
110	Financial and insurance activities	13,956	15	15	13,813	(16)	-
120	Real estate activities	8,746	32	32	8,742	(30)	-
130	Professional, scientific and technical activities	1,293	75	75	1,293	(38)	-
140	Administrative and support service activities	826	37	37	826	(19)	-
150	Public administration and defence, compulsory social security	7	-	-	7	-	-
160	Education	261	5	5	253	(3)	-
170	Human health services and social work activities	963	43	43	963	(24)	-
180	Arts, entertainment and recreation	217	11	11	217	(2)	-
190	Other services	261	94	94	261	(42)	-
200	**Total**	**32,913**	**674**	**674**	**32,754**	**(370)**	-

Collateral obtained by taking possession and execution processes (CQ7)

The following table provides an overview of foreclosed assets obtained from non-performing exposures at 31 December 2022.

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		£m	£m
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	25	-
030	*Residential immovable property*	25	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	-	-
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	25	-

Performing and non-performing exposures and related provisions (CR1)

The following table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class at 31 December 2022:

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated Partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	43,628	43,628	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	232,453	214,498	18,175	3,139	555	2,584	(620)	(143)	(477)	(330)	-	(330)	-	214,032	1,993
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	107	107	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,129	1,128	-	-	-	-	-	-	-	-	-	-	-	885	-
050	*Other financial corporations*	12,697	12,486	173	12	-	12	(16)	(5)	(11)	-	-	3	-	7,689	8
060	*Non-financial corporations*	18,298	14,907	3,375	659	-	659	(220)	(70)	(150)	(135)	-	(135)	-	16,770	224
070	*Of which SMEs*	9,121	6,898	2,219	544	-	544	(155)	(49)	(106)	(97)	-	(97)	-	8,525	171
080	Households	190,463	176,361	14,122	2,468	555	1,913	(384)	(68)	(316)	(195)	-	(195)	-	188,688	1,761
090	**Debt securities**	6,189	6,189	-	-	-	-	-	-	-	-	-	-	-	1,474	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3,328	3,328	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,645	2,645	-	-	-	-	-	-	-	-	-	-	-	1,269	-
130	Other financial corporations	210	210	-	-	-	-	-	-	-	-	-	-	-	205	-
140	Non-financial corporations	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	31,740	30,839	902	99	-	97	65	26	39	9	-	9	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	422	422	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	760	760	-	-	-	-	-	-	-	-	-	-	-	-	-

200	Non-financial corporations	9,155	8,730	426	40	-	40	25	14	11	7	-	7	-	-	-
210	Households	21,403	20,927	476	59	-	59	40	12	28	2	-	2	-	-	-
220	**Total**	314,010	295,154	19,078	3,238	555	2,683	(555)	(117)	(438)	(321)	-	(321)	-	215,506	1,993

Maturity of exposures (CR1-A)

At 31 December 2022		Net exposure value					
		On demand	<= 1 year	>1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,530	10,448	26,553	181,184	-	219,715
2	Debt securities	1,762	6,084	20,188	3,497	-	31,531
3	**Total**	3,292	16,532	46,741	184,681	-	251,246

Changes in the stock of non-performing loans and advances (CR2)

		Gross carrying amount £m
010	**Initial stock of non-performing loans and advances**	3,505
020	Inflows to non-performing portfolios	1,240
030	Outflows from non-performing portfolios	(1,606)
040	Of which Outflows due to write-offs	(265)
050	Of which Outflows due to other situations	(1,341)
060	**Final stock of non-performing loans and advances**	3,139

Prudential valuation adjustments (PVA)

PVA for all assets measured at fair value (mark to market or marked to model) and for which PVA are required. Assets can be non-derivative or derivative instruments.

At 31 December 2022	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
Closeout uncertainty, of which:	0.04	6.81	-	1.88	-	8.73	0.01	8.72
- Mid-market value	0.01	2.72	-	0.37	-	3.10	0.01	3.09
- Closeout cost	-	4.13	-	0.53	-	4.66	0.00	4.66
- Concentration	0.03	(0.04)	-	0.98	-	0.97	-	0.97
Early termination	-	-	-	-	-	-	-	-
Model risk	0.04	0.47	-	-	-	0.51	0.35	0.16
Operational risk	-	0.78	-	0.09	-	0.87	0.01	0.86
Investing and funding costs	-	2.64	-	-	-	2.64	-	2.64
Unearned credit spreads	-	2.43	-	-	-	2.43	1.38	1.05
Future administrative costs	-	2.06	-	0.11	-	2.17	0.69	1.48
Other	-	-	-	-	-	-	-	-
Total adjustment	0.08	15.19	-	2.08	-	17.35	2.44	14.91

Key Movements

Model Risk and Close Out Costs primarily driven by Property Derivatives, following the effect of an increase in GBP rates on discounted future cashflows. In addition, the PVA reduction was generated by a reduction in Future Administrative Costs.

These reductions were partially offset by an increase in Investment & Funding Costs AVA from wider funding spreads for Property Derivatives, plus an increase in Market Price Uncertainty from widening MPU spreads for Structural Risk Derivatives.

Remuneration

All remuneration requirements outlined in the **UK REMA** as presented in Annex XXXIII of PRA Rulebook, Article 450 (1) (a), (b), (c), (d), (e), (f), (j) and (k) and Article 450 (2) in accordance with Articles 433a, 433b and 433c are disclosed in the Santander UK Group Holdings Regulatory Remuneration Disclosures, which are available as a separate document on the Santander UK website.

Own Funds disclosure – balance sheet reconciliation

The scope of consolidation and method for consolidation of the Company's balance sheet is substantially the same as that used for regulatory purposes. A reconciliation of regulatory own funds to the relevant balance sheet items for the Company is included in the table below at 31 December 2022.This outlines the impact of the difference in scope of consolidation outlined above:

	Own Funds Type		
	CET1 £m	Additional Tier 1 £m	Tier 2 £m
Santander UK Balance Sheet elements			
Shareholder's equity and Non-controlling interests	12,451	1,956	-
Subordinated Liabilities	-	-	2,332
UK CRR Adjustments			
Additional value adjustments	(17)	-	-
Intangible Assets (net of related tax liability)	(1,485)	-	-
Fair value reserves related to gains or losses on cash flow hedges	1,128	-	-
Negative amounts resulting from the calculation of regulatory expected loss amounts	(510)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(27)	-	-
Deferred tax assets arising from temporary differences	-	-	-
Defined benefit pension fund assets	(754)	-	-
- Dividend accrual	(2)	-	-
- Deduction for minority interests	-	-	-
- NPE Backstop	(4)	-	-
- Capital Add-on	-	-	-
- IFRS 9 Transitional Adjustments	19	-	-
Amount excluded from Tier 2 due to transitional recognition cap	-	-	(784)
Total	10,799	1,956	1,548

Composition of regulatory own funds (CC1)

The following table provides disclosure of the Company's own funds items. The UK CRR end point position can be derived as the sum of the 31 December 2022 results and the associated end point adjustment. The Common Equity Tier 1 (CET1) Capital before regulatory adjustments below differs from other disclosures in this document as this template requires an alternative treatment of CET1 Minority Interests and foreseeable dividends:

		31 December 2022 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital Instruments and the related share premium accounts	8,725	Share Capital
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained Earnings	4,846	Retained Earnings
3	Accumulated other comprehensive income (and other reserves)	(1,123)	Other Reserves
UK-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	12,448	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(17)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,484)	Intangible Assets
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	Deferred Tax Assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1,128	Other Reserves
12	Negative amounts resulting from the calculation of expected loss amounts	(510)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(27)	
15	Defined-benefit pension fund assets (negative amount)	(754)	Retirement Benefit Assets
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
UK-20c	of which: securitisation positions (negative amount)	-	
UK-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
UK-25a	Losses for the current financial year (negative amount)	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	15	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(1,649)	
29	**Common Equity Tier 1 (CET1) capital**	10,799	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	1,956	Other Equity Instruments
31	of which: classified as equity under applicable accounting standards	1,956	Other Equity Instruments
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	1,956	
	Additional Tier 1 (AT1) capital: regulatory adjustments		

		31 December 2022 Amounts £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	1,956	
45	**Tier 1 capital (T1 = CET1 + AT1)**	12,755	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	664	Subordinated Liabilities
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties	884	Subordinated Liabilities
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	1,548	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
UK-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	1,548	
59	**Total Capital (TC = T1 + T2)**	14,303	
60	**Total Risk exposure amount**	70,089	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.4%	-
62	Tier 1 (as a percentage of total risk exposure amount)	18.2%	-
63	Total capital (as a percentage of total risk exposure amount)	20.4%	-
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	4.50%	-
65	of which: capital conservation buffer requirement	2.50%	-
66	of which: countercyclical buffer requirement	1.00%	
67	of which: systemic risk buffer requirement	1.00%	-
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	15.4%	-
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustment in T2 under standardised approach	225	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustment in T2 under internal ratings-based approach	265	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2)

The scope of consolidation and method for consolidation of the RFB Group balance sheet is substantially the same as that used for regulatory purposes. A reconciliation of regulatory own funds to the relevant balance sheet items for the RFB Group is included in the table below at 31 December 2022.This outlines the impact of the difference in scope of consolidation outlined above:

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end 31 December 2022	As at period end 31 December 2022	
	Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*			
1	Cash and balances at central banks	44,190	44,190	
2	Financial assets at fair value through profit or loss:	-	-	
3	– Trading assets	-	-	
4	– Derivative financial instruments	2,407	2,407	
5	– Other financial assets at fair value through profit or loss	129	129	
6	Financial assets at amortised cost:	-	-	
7	– Loans and advances to customers	219,716	219,570	
8	– Loans and advances to banks	992	1,042	
9	– Reverse repurchase agreements – non trading	7,348	7,348	
10	– Other financial assets at amortised cost	156	156	
11	Macro hedge of interest rate risk	(2,657)	(2,657)	
12	Financial assets at fair value through other comprehensive income	6,024	6,024	
13	Financial investments	-	-	
14	Interests in other entities	252	21	
15	Intangible assets	1,550	1,550	
16	Property, plant and equipment	1,513	2,090	
17	Current tax assets	478	488	
18	Deferred tax assets	-	2	
19	Retirement benefit assets	1,050	1,050	
20	Other assets	2,016	2,086	
21	Assets held for sale	49	49	
22	**Total assets**	285,213	285,546	
	Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*			
1	Financial liabilities at fair value through profit or loss:	-	-	
2	– Trading liabilities	-	-	
3	– Derivative financial instruments	951	951	
4	– Other financial liabilities at fair value through profit or loss	803	803	
5	Financial liabilities at amortised cost:	-	-	
6	– Deposits by customers	195,568	194,954	
7	– Deposits by banks	28,525	29,076	
8	– Repurchase agreements – non trading	7,982	7,982	
9	– Debt securities in issue	31,531	31,531	
10	– Subordinated liabilities	2,332	2,332	
11	Macro hedge of interest rate risk	95	95	
12	Other liabilities	2,581	2,667	
13	Provisions	378	378	
14	Current tax liabilities	-	10	
15	Deferred tax liabilities	35	63	
16	Retirement benefit obligations	25	25	
17	Liabilities held for sale	-	-	
18	Total liabilities	270,806	270,866	
Shareholders' Equity				
1	Equity	-	-	
2	Share capital	3,105	3,258	
3	Share premium	5,620	5,620	
4	Other equity instruments	1,956	1,956	
5	Retained earnings	4,848	4,967	
6	Other reserves	(1,122)	(1,122)	
7	Non-controlling interests	-	-	
	Total shareholders' equity	14,407	14,679	

Own Funds disclosure – capital instruments main features

The following table outlines the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments:

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander plc	Santander UK plc	Santander UK plc
2	ISIN	GB0000064393	GB0000044221					XS0060837068
2a	Public or Private Placement	Public	Public	Private	Private	Private	Private	Public
3	Governing law(s) of the instrument	English	English	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment							
4	Transitional CRR rules	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel CRR rules	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/group/ group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Preferred	Preferred	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Subordinated
8	Amount recognised in regulatory capital (£m)	212	132	210	750	500	496	205
9	Par value of instrument (£m)	200	125	210	750	500	500	200
9a	Issue Price of Instrument	100m @ 101.52% 100m @ 108.935%	101.55%	100%	100%	100%	100%	100.432%
9b	Redemption Price of Instrument	n/a	n/a	100% (call)	100% (call)	100% (call)	100% (call)	n/a
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Shareholders Equity	Shareholders Equity	Shareholders Equity	Shareholders Equity	Liability-amortised cost
11	Original date of issuance	23/10/1995	09/06/1997	01/03/2021	05/05/2022	09/08/2019	10/04/2017	23/10/1995
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	Next Issuer Call Option 24/03/2026 to 24/09/2026, Tax event call option at any time, Regulatory Capital Event call option / par	Next Issuer Call Option 24/06/2027 to 24/09/2027, Tax event call option at any time, Regulatory Capital Event call option / par	Next Issuer Call Option 24/03/2025 Tax event call option at any time, Regulatory Capital Event call option / par	Next Issuer Call Option 24/06/2024 , Tax event call option at any time, Regulatory Capital Event call option / par	Tax event at any time/par
16	Subsequent call dates, if applicable	n/a	n/a	Quarterly	Quarterly	Quarterly	5 years	n/a
	Coupons / dividends							
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed to Floating	Fixed
18	Coupon rate and any related index	10.375%	8.625%	4.25%	6.5%	6.3%	6.75%	10.0625%
19	Existence of a dividend stopper	Yes	Yes	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Fully Discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No

22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Contractual: None Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	Contractual:100% Statutory: To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Contractual : at the option of the issuer Statutory: Mandatory upon satisfaction of certain conditions
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	Contractual: Additional Tier 1 Statutory: CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group or solo entity < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group or solo entity < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group or solo entity < 7% (Loss Absorption Event)	Statutory: Bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA Contractual: CET1 Capital Ratio of the Group or solo entity < 7% (Loss Absorption Event)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	Contractual: Full Statutory: May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34b	Ranking of the instrument in normal insolvency proceedings	3	3	2	2	2	2	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior	Tier 2	Tier 2	Tier 2	Tier 2	Senior
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features							

Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
2	ISIN	XS0103012893	US002920AC09	XS0989359756 US80283LAA17		XS0133956168	
2a	Public or Private Placement	Public	Public	Public	Private	Public	Private
3	Governing law(s) of the instrument	English	New York	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	No	Yes	Yes	Yes	Yes
	Regulatory treatment						
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel CRR rules	Tier 2	Ineligible	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/group/group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
8	Amount recognised in regulatory capital (£m)	22	207	101	114	7	114
9	Par value of instrument (£m)	22	178	588	208	11	208
9a	Issue Price of Instruments	99.561%	99.626%	99.681%	99.724%	98.878%	99.724%
9b	Redemption Price of Instrument	100%	100%	100%	100%	100%	100%
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost
11	Original date of issuance	21/10/1999	26/10/1999	07/11/2013	15/09/2015	14/08/2001	15/09/2015
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	21/10/2030	26/10/2029	07/11/2023	15/09/2025	14/08/2031	15/09/2025
14	Issuer call subject to prior supervisory approval	No	No	No	No	n/a	No
15	Optional call date, contingent call dates and redemption amount	Tax event at any time/par	Tax event at any time/par	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time/par	Tax event at any time, Regulatory Capital Event call option / par
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a	n/a	n/a
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	6.5%	7.95%	5%	4.75%	5.875%	4.75%
19	Existence of a dividend stopper	No	No	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Mandatory	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions

28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities	CET1 or other securities
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a
34b	Ranking of the instrument in normal insolvency proceedings	3	3	3	3	3	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior	Senior	Senior	Senior	Senior
36	Non-compliant transitioned features	No	Yes	No	No	No	No
37	If yes, specify non-compliant features		No contractual recognition of bail-in and conversion powers				

Own Funds disclosure – capital instruments main features

1	Issuer	Santander UK plc	Santander UK plc	Santander UK plc	Santander UK plc
2	ISIN				n/a
2a	Public or Private Placement	Private	Private	Private	Private
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	n/a
	Regulatory treatment				
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
5	Post-transitional Basel CRR rules	Tier 2	Tier 2	Tier 2	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated	Subordinated	Subordinated	Equity
8	Amount recognised in regulatory capital (£m)	102	125	208	7,060
9	Par value of instrument (£m)	187	124	208	7,060
9a	Issue Price of Instrument	99.724%	99.412%	99.412%	100%
9b	Redemption Price of Instrument	100%	100%	100%	n/a
10	Accounting classification	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost	Shareholders Equity
11	Original date of issuance	15/09/2015	15/09/2015	15/09/2015	10/01/2014
12	Perpetual or dated	Dated	Dated	Dated	Perpetual
13	Original maturity date	15/09/2025	15/09/2045	15/09/2045	n/a
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	Tax event at any time, Regulatory Capital Event call option / par	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Variable
18	Coupon rate and any related index	4.75%	5.625%	5.625%	n/a
19	Existence of a dividend stopper	No	No	No	No
20a & b	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
25	If convertible, fully or partially	May convert fully or partially	May convert fully or partially	May convert fully or partially	n/a
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion	n/a

27	If convertible, mandatory or optional conversion	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	n/a
28	If convertible, specify instrument type convertible into	CET1 or other securities	CET1 or other securities	CET1 or other securities	n/a
29	If convertible, specify issuer of instrument it converts into	Santander UK plc	Santander UK plc	Santander UK plc	n/a
30	Write-down feature	Yes	Yes	Yes	No
31	If write-down, write-down trigger(s)	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	Triggers to statutory bail-in power under UK Banking Act 2009 at PONV – UK BoE/PRA	n/a
32	If write-down, full or partial	May write-down fully or partially	May write-down fully or partially	May write-down fully or partially	n/a
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34b	Ranking of the instrument in normal insolvency proceedings	3	3	3	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior	Senior	Additional Tier 1
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features				

Glossary

Advanced Internal Ratings Based Approach (AIRB)	A method of calculation using internal estimates for all risk components.
Basel III	In December 2010, the Basel Committee on Banking Supervision issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. The standards were implemented in the EU in January 2014.
Capital Conservation Buffer	A capital buffer required under Basel III to ensure banks build up capital buffers outside of periods of stress.
Common Equity Tier 1 (CET1) capital	The called-up share capital and eligible reserves less deductions calculated in accordance with the UK CRR implementation rules as per the PRA Policy Statement PS7/13. CET1 capital ratio is CET1 capital as a percentage of risk-weighted assets.
Common Equity Tier 1 ratio	CET1 capital as a percentage of risk weighted assets.
Countercyclical capital buffer (CCyB)	A capital buffer required under Basel III to ensure that capital requirements take account of the macro-financial environment in which banks operate.
Counterparty credit risk	A subset of credit risk and is the risk that a counterparty defaults.
UK CRR	An EU legislative package covering prudential rules for banks, building societies and investment firms.
Credit Conversion Factor (CCF)	An estimate of the amount Santander expects a customer to have drawn further on a facility limit at the point of default.
Credit Risk	The risk that a counterparty will default and will be unable to fulfil the obligations of their contract.
Credit Valuation Adjustment (CVA)	Adjustments to the fair values of derivative assets to reflect the creditworthiness of the counterparty.
EU Banking Group	Banco Santander group, a leading and commercial bank headquartered in Spain.
Expected Loss (EL)	The Santander UK Group Holdings plc group measure of anticipated loss for exposures captured under an internal ratings-based credit risk approach for capital adequacy calculations. It is measured as the Santander UK Group Holdings plc group-modelled view of anticipated loss based on Probability of Default, Loss Given Default and Exposure at Default, with a one-year time horizon.
Exposure	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or assets and off-balance sheet positions have to be realised.
Exposure at Default (EAD)	The estimation of the extent to which the Santander UK Group Holdings plc group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.
Fair Value	The value of an asset or liability when the transaction is on an arm's length basis.
Financial Policy Committee	An independent committee at the Bank of England with the objective of overseeing and taking action to remove or reduce systemic risks to protect and enhance the resilience of the UK financial system.
Foundation Internal Ratings Based Approach (FIRB)	A method of calculation for credit risk capital requirements using internal estimate of PD with supervisory estimates for LGD and supervisory calculations for EAD.
Global Systematically Important Bank (G-SIB)	G-SIBs are subject to higher capital buffer requirements, total loss-absorbing capacity requirements, resolvability requirements and higher supervisory expectations and have been phased in from 1 January 2016.
Institution	An investment firm or credit institution.
Internal Models Approach (IMA)	Approved by the PRA this model is used to calculate market risk capital and RWA.
Internal Ratings-Based Approach (IRB)	The Santander UK Group Holdings plc group's method, under the UK CRR framework, for calculating credit risk capital requirements using the Santander UK Group Holdings plc group's internal Probability of Default models but with supervisory estimates of Loss Given Default and conversion factors for the calculation of Exposure at Default.
Leverage Ratio	UK CRR end-point Tier 1 capital divided by exposures as defined by the European Commission Delegated Regulation 2015/62 of October 2014. In July 2016, the definition was amended to exclude from the calculation for total exposure those assets held against central banks that are matched by deposits in the same currency and of equal or longer maturity.
Loss Given Default (LGD)	The fraction of Exposure at Default that will not be recovered following default. LGD comprises the actual loss (the part that is not recovered), together with the economic costs associated with the recovery process.
Mark-to-Market Approach	An approach available to banks to calculate the exposure value associated with derivative transactions.
Market Risk	The risk of loss of earnings or economic value due to adverse changes in the financial market.
Maturity or Residual Maturity (for RWAs)	Remaining time until a transaction expires.
Minimum Capital Requirement	Minimum capital required for credit, market and operational risk.
Multilateral Development Banks	An institution created by a group of countries to provide financing for the purpose of development.
Operational Risk	The risk of loss due to the failure of people, process or technology.
Pillar 1	The first pillar of the Basel III approach which provides the approach to the calculation of the minimum capital requirements. This is 8% of the banks risk-weighted assets.
Pillar 3	The part of the UK CRR Accord which sets out the disclosure requirements for firms to publish details of their risks, capital and risk management. The aims are greater transparency and strengthening market discipline.
Probability of Default (PD)	The degree of likelihood that the counterparty fails to meet their financial obligation, within a period of one year.
Prudential Regulation Authority (PRA)	The UK financial services regulator formed as one of the successors to the FSA. The PRA is part of the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.
Prudential Valuation Adjustment (PVA)	These are adjustments to the tier 1 capital where the prudent value of the position in the trading book is seen by the bank as being below the fair value recognised in the financial statements.
Regulatory Capital	The amount of capital that the Santander UK Group Holdings plc group holds, determined in accordance with rules established by the UK PRA for the consolidated Santander UK Group Holdings plc group and by local regulators for individual Santander UK Group Holdings plc group companies.
Repurchase Agreement (repo)/Reverse Repurchase Agreement (reverse repo)	In a sale and repurchase agreement one party, the seller, sells a financial asset to another party, the buyer, under commitments to reacquire the asset at a later date. The buyer at the same time agrees to resell the asset at the same later date. From the seller's perspective such agreements are securities sold under repurchase agreements (repos) and from the buyer's securities purchased under commitments to resell (reverse repos).
Retail Internal Ratings Based Approach (Retail IRB)	The Santander UK Group Holdings plc group's internal method of calculating credit risk capital requirements for its key retail portfolios. The FSA approved the Santander UK Group Holdings plc group's application of the Retail IRB approach to the Santander UK Group Holdings plc group's credit portfolios with effect from 1 January 2008.
Risk-Weighted Assets (RWAs)	A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel Capital Accord as implemented by the PRA.
RWA Density	The risk-weighted asset divided by exposure at default.

Securities Financing Transactions (SFT)	Transactions involving repurchase agreements and reverse repurchase agreements, stock borrow lending and other securities.
Securitisation Positions	The position assumed by the bank following the purchase of certain structured securities.
Specialised Lending	An exposure to an entity which was created specifically to finance and/or operate physical assets, where the contractual arrangements given the lender a substantial degree of control over the assets and the income that they generate and the primary s ource of repayment of the obligation is the income generated by the assets being financed.
Standardised Approach	In relation to credit risk, a method for calculating credit risk capital requirements under UK CRR, using External Credit Assessment Institutions ratings and supervisory risk weights. The Standardised approach is less risk-sensitive than IRB (see 'IRB' above). In relation to operational risk, a method of calculating the operational capital requirement under UK CRR, by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Tier 1 Capital	A measure of a bank's financial strength defined by the PRA. It captures Core Tier 1 capital plus other Tier 1 securities in issue but is subject to a deduction in respect of material holdings in financial companies.
Tier 1 Capital ratio	The ratio expresses Tier 1 capital as a percentage of risk weighted assets.
Tier 2 Capital	Defined by the PRA. Broadly, it includes qualifying subordinated debt and other Tier 2 securities in issue, eligible collective impairment allowances, unrealised available for sale equity gains and revaluation reserves. It is subject to deductions relating to the excess of expected loss over regulatory impairment allowance, securitisation positions and material holdings in financial companies.
Trading Book	Positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book, which must be free of restrictive covenants on their tradability or ability to be hedged.
Value at Risk (VaR)	An estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level.